

# **CCV LLC**

295 Lafayette Street  
New York, NY 10012  
646-661-7677

## Part 2A of Form ADV Disclosure Brochure

as of March 30, 2020

This Disclosure Brochure (this “brochure”) provides information about the qualifications and business practices of CCV LLC, a Delaware limited liability company (“CCV” or the “Adviser”). If you have any questions about the contents of this brochure, please contact us at 646•661•7677. 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.

CCV is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services.

Additional information about CCV is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2. Material Changes

Since CCV's last amendment of this Brochure, filed on March 29, 2019, CCV has not had material changes to its advisory business.

From time to time, we may amend this brochure to reflect changes in our business practices, to address changes in regulations and to make routine annual updates as required under the Advisers Act, or the rules adopted by the Securities Exchange Commission. This complete brochure or a Summary of Material Changes shall be provided to each Client (as defined herein) at the time that a material change occurs in the business practices of CCV warranting an amendment to the brochure.

At any time, you may view the current Disclosure Brochure online at the SEC's Investment Adviser Public Disclosure website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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### Item 4. Advisory Business

CCV LLC is a limited liability company that was formed in the State of Delaware on July 30, 2015. Adviser was formed and is wholly-owned by Quadro Partners, Inc. ("Parent"). Parent owns and controls various other entities, including RealCadre LLC ("RealCadre"), a broker-dealer registered with FINRA and a SIPC member.

Adviser provides investment advice to (i) investors who have established a relationship with Adviser, which shall typically take the form of managed or separate accounts with Adviser ("Managed Accounts"), or (ii) investment vehicles, including pooled investment funds or private real estate investment trusts (REITs), as may from time to time be advised by Adviser ("Investment Funds", together with the Managed Accounts, individually and/or collectively, as the context requires, the "Clients"). Client relationships are established to allocate capital to real estate investment opportunities (debt and equity) listed and managed through the website ([www.cadre.com](http://www.cadre.com)) (the "Web Portal") hosted by Parent which are exclusively brokered by RealCadre. As of December 31, 2019, Adviser managed \$799,427,098 in client assets on a discretionary basis and \$3,300,000 in client assets on a non-discretionary basis.

## Managed Accounts

Adviser provides the following investment advisory services in respect of its Managed Accounts: (i) work with investors to choose the Managed Account(s) that are suitable for their investment profile and in their best interest; (ii) identify and present investment opportunities for the Managed Accounts; (iii) make recommendations regarding allocation of Managed Account capital to real estate investments within the investment guidelines governing the specific Managed Account; (iv) advise on the disposition of investments, in accordance with the governing documents of the specific Managed Account; (v) participate in the monitoring and evaluation of each Managed Account's portfolio of investments; (vi) meet with Managed Account investors periodically to discuss performance and strategy; and (vii) performing incidental functions and providing other similar services. The exact scope of services provided to each Managed Account varies depending upon the terms of the documentation governing the relationship between Adviser and such Client.

The investment guidelines with respect to each Managed Account will be set forth in the investment management agreement and will describe the kinds of investments that the Managed Account will invest in, which will in all cases be investments in the real estate sector (debt and equity) within the investment guidelines governing the specific Managed Account ("Investments") (including direct investments or indirect investments through joint ventures ("Joint Ventures")). Each Managed Account may or may not have guidelines that match other Managed Accounts, accordingly, each Managed Account should be evaluated on its own. Additionally, Managed Account investors may impose restrictions on investing in certain securities (for example, securities representing real estate investments that are outside of the investor's specific risk profile or geographic preference) or types of securities (for example, securities representing debt instruments). Some Managed Accounts may be non-discretionary in that they require Adviser to obtain a Client's specific consent to invest in any or certain types of Investments.

## Investment Funds

Adviser's investment advisory services to the Investment Funds consist of identifying and evaluating Investment opportunities (including direct investments or indirect investments through Joint Ventures), negotiating the terms of Investments, managing and monitoring Investments and ultimately achieving dispositions for such Investments. Additionally, Adviser will generally oversee the Investment Funds' assets in accordance with the terms of its advisory or management agreements, confidential offering and/or private placement memoranda, limited partnership agreement and other governing documents applicable to each Investment Fund (the "Governing Documents"). Investment advice and management is provided directly to the Investment Funds and not individually to the limited partners of or investors in the Investment Funds (the "Investors"). All investment restrictions are described in the Governing Documents. Investors should review the Governing Documents for additional information regarding the Investment Funds in which they

have invested.

### Other Advisory Services

From time to time, Adviser may offer certain Clients or Investors co-investment rights and/or opportunities. Adviser applies its discretion when allocating such opportunities to Adviser's Clients, Investors and/or others, taking into account facts and circumstances such as the nature of the transaction, speed of execution required, tax considerations, familiarity with and history of investing in the relevant industry, ability to provide strategic insights and other factors believed relevant. Adviser endeavors to keep itself informed regarding investor interest in co-investment by maintaining records of those investors who have expressed interest in co-investments. Adviser has also organized and manages private investment vehicles (i) to facilitate investment by Adviser's affiliates and employees into certain Investments (including into Investment Funds) and/or (ii) to facilitate participation in the Promote Share (as defined below).

This brochure is not an offer to invest in any Managed Account or Investment Fund.

## Item 5. Fees and Compensation

The fees applicable to each Client are set forth in detail in the relevant investment management agreement (in the case of Managed Accounts) or Governing Documents (in the case of Investment Funds). Generally, Adviser has the authority to waive, reduce or calculate differently any of the fees described herein and/or in any investment management agreement (in the case of Managed Accounts) or Governing Documents (in the case of Investment Funds).

### Direct Advisory Fees and Compensation

Adviser will typically receive an annual asset management fee from each Investment Fund (the "Asset Management Fee") for acting in an asset management role with respect to the Investments (including as manager of an Investment Fund). The typical Asset Management Fee is expected to average 1 to 1.5% of the then-current equity value of each Client's Investment over the life of the Investment Fund. The Asset Management Fee is typically payable quarterly in advance. The ability of Investors in the Investment Funds to withdraw is limited by the terms of the applicable Governing Document and as such the ability of such Investors to terminate the obligation to pay Asset Management Fees is consequently limited.

### Affiliate Fees and Compensation

RealCadre will typically receive at the closing of an Investment an acquisition fee from the applicable Client(s) (the "Acquisition Fee") which is typically approximately either 1% of each

Client's pro rata share of the total capitalization of the property underlying the applicable Investment or 1% of the total capital contributions or commitments received by a Client from its Investors. The typical Acquisition Fee is not expected to exceed approximately 1% of the total capitalization of the applicable property (or a percentage thereof based on the amount of capital raised for the Investment by RealCadre).

In addition, an affiliate of Adviser will typically receive a portion of any "promote" or "carried interest" distributions payable to sponsors of Joint Ventures in which Clients invest; **see Item 6. Performance Based Fees.**

#### Financing Costs

An Investor which subscribes for an interest in an Investment Fund following the initial closing of such Investment Fund will typically be required to contribute its pro rata share of capital contributions funded by the initial Investor in such Investment Fund. In addition to such capital contribution, such Investor may be required to pay to such initial Investor (i) the expenses and costs associated with any bridge financing utilized by the initial Investor, (ii) a commitment charge, (iii) an interest charge or (iv) some combination of the foregoing three expenses, in each case as set forth in the applicable Governing Documents. For additional information, see **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.**

#### Other Fees and/or Costs

Adviser will typically bear the expenses and costs with respect to the advisory services provided to its Managed Accounts. With respect to Investment Funds, certain fees and costs may be incurred at the Investment level and/or the Investment Fund level, depending on the governing documents of the Investment and/or the Investment Fund. The following sets forth various examples of the types of expenses that may be borne by a Client either at the Investment level and/or the Client level, subject to the terms of such Investment or management agreement or Governing Documents (as applicable): investment related expenses whether relating to investments that are consummated or unconsummated (e.g., due diligence costs, investment banking fees, sourcing or finder's fees (which includes at times a management fee component and/or a performance fee component)), costs and fees for consultants, interest on margin accounts and other indebtedness, interest and fees on short-term credit facilities, custodial fees, clearing and settlement charges, interest expense and other investment-related expenses (e.g., meetings, entertainment, food, travel and lodging expenses); research and deal sourcing tool related expenses (including, without limitation, databases, third-party data, valuation tools, lead generation and management resources, and analysis tools); legal expenses; professional fees (including, without limitation, expenses of consultants, valuation firms and other experts); the costs and expenses incurred in connection with the borrowing arrangements and other indebtedness, including, without limitation, the costs of establishing the borrowing arrangements and such other indebtedness; costs relating to swaps

(and similar agreements); auditing and tax preparation expenses; accounting expenses; costs of any third-party administrators; costs of printing and mailing reports and notices; organizational expenses, including, without limitation, out-of-pocket expenses incurred in connection with legal and regulatory compliance with U.S. federal, state, local, nonU.S. or other laws and regulations; liability insurance and related insurance; management fees of Investment managers; board of directors' fees; indemnification expenses; corporate licensing fees and other professional fees; bank service fees; withholding and transfer fees; trademarks; entitylevel taxes; loan administration costs; and extraordinary expenses and other similar expenses.

Adviser and/or RealCadre has not to date but may in the future enter into arrangements with third-party providers of goods and services under which Cadre receives payments in exchange for referring Clients to such third-party providers. Cadre will disclose the existence of any such payments, as well as any conflicts of interest, at the time that Cadre refers a Client to the third-party provider.

## Item 6. Performance Based Fees

None of Adviser, its affiliates, nor its employees receive performance based fees (fees based on a share of capital gains on or capital appreciation of Client assets) directly from Clients, or from any Investor that invests through the Web Portal. However, an affiliate of Adviser will typically receive a portion of any "promote" or "carry" distributions payable to operators of Joint Ventures in which Clients invest (the "Promote Share"). The typical Promote Share is expected to equal to 10-15% of the operator's "promote" or "carry". As noted above, the Adviser has created a private investment vehicle for employees to participate in such promote share.

## Item 7. Types of Clients

CCV provides investment advisory services to Managed Accounts and Investment Funds. Investors in Managed Accounts and Investment Funds may consist of some or all of the following:

- Insurance companies;
- Investment companies;
- Public and private retirement and pension plans;
- Trusts and estates;
- Charitable organizations and foundations, including endowment funds thereof;
- State and municipal government agencies;
- Sovereign wealth funds;
- Private investment funds, including funds organized by Adviser to facilitate investment by Adviser's affiliates and employees;
- Corporations;

- Business entities other than those listed above;
- Certain high net worth individuals; and
- Affiliates and employees of Adviser.

All investors are subject to applicable suitability requirements. Adviser will generally require that each Investor in the Investment Funds be an “accredited investor” as defined in Regulation D under the U.S. Securities Act of 1933, as amended (the “Securities Act”), a “qualified client” as defined in the Advisers Act and meet certain other suitability requirements. Generally, Investors must invest a minimum dollar amount as determined at Adviser’s discretion. However, Adviser may advise Investment Funds that do not require an Investor therein to be an “accredited investor” as defined in Regulation D under the Securities Act.

## Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

### Strategy Overview

The strategic overview of Adviser’s investment objectives includes:

- *Preserving Investor Capital* – downside protection is paramount
- *Superior Operators* – identifying high-quality, proven operating partners with track record
- *Targeting Assets with Current Income* – seek to mitigate reliance on residual value appreciation to deliver return objectives
- *Built-in Value* – focus on acquiring assets below replacement cost
- *Employing Leverage Prudently* – target a duration and amount that reflects the stability of each asset’s cash flow
- *Investing in Supply-Constrained Markets with Identifiable Demand Drivers* – target markets which have high barriers to entry and little to no competitive supply on the horizon
- *Targeting Assets which Provide an Inflation Hedge* – target assets that should rise in value if and when inflation emerges
- *Constructing a Diversified Portfolio* – actively manage concentrations of capital by diversifying exposures across risk profiles, asset classes and geographies

### Investment Strategy

Adviser focuses primarily on the acquisition of income producing properties in appreciating neighborhoods within, or within the vicinity of, major U.S. metropolitan markets. Adviser employs an investment philosophy that focuses on identifying properties with current yield from rental income and value enhancement potential through capital improvements, proactive lease management and market growth. These properties typically (i) provide immediate or near-term positive cash flow; (ii) were undercapitalized or undermanaged by previous ownership and have below market rents; (iii)



can be acquired at significant discounts to replacement cost, providing a margin of safety; and/or (iv) have potential for increasing rent through property improvements and proactive asset management.

Adviser will pursue other real estate opportunities to the extent such opportunities fit within the relevant investment guidelines set forth in the investment management agreement (in the case of Managed Accounts) or Governing Documents (in the case of Investment Funds) or if it believes that its Clients would be interested in pursuing such opportunities.

### Investment Process

Adviser has built an experienced acquisitions and sourcing team responsible for identifying and executing investment opportunities across geographies, asset classes, and product types.

#### **A. Operator Vetting Process**

Adviser thoroughly vets and conducts diligence on each operator before permitting access to Adviser's marketplace. Adviser's approval process involves review of the operator's (i) key executive members, including experience, background checks and interviews, relationships, reputation, and integrity; (ii) internal operations, including team, processes, financial condition and strategies; (iii) existing portfolio, including quality, geography, asset classes, and investment strategies; and (iv) track record, including detailed history of recent realized transactions or past funds, or in the case of development or repositioning opportunities ("Ozones") within U.S. census tracts intended to qualify under the "qualified opportunity zone" ("QOZ") provisions of Sections 1400Z-1 and 1400Z-2 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), detailed history of recent developments and repositionings; and (v) current prospective deal pipeline.

#### **B. Transaction Sourcing, Diligence, and Approval**

##### **Transaction Sourcing**

Adviser sources investments through two primary channels: (i) internally through Adviser's acquisitions team and (ii) externally through operators.

##### **Due Diligence and the Acquisitions Process**

Adviser completes a due diligence process for each investment opportunity that it pursues. When potential acquisitions are identified, a brief memo containing an overview, photos, map, and key investment attributes is distributed to the Adviser acquisitions team members. A decision is made whether to devote additional time and resources to the investment based upon the merits of the

transaction, probability of success (if sourced internally and not already under exclusivity by an operator), and fit within Adviser's investment strategy.

If a transaction passes the initial screen, it is independently and rigorously underwritten and diligenced. The acquisitions team is responsible for scrutinizing the asset, market, operator, and deal structure:

- Asset
  - Viability of business plan and downside scenario exposure
  - Tenant fundamentals (tenant credit, lease analysis)
  - Tenant rollover and leasing prospects (rents, timing, concessions)
  - Replacement cost
  - Next buyer analysis
  - Age, physical design, and construction
  - Deferred maintenance and capital requirements
  - Environmental hazards
  - Labor relations
  - Existing litigation
- Market
  - Macroeconomic fundamentals
  - Supply conditions (new and competing)
  - Local demand drivers
  - Recent comparable transactions
  - Historical rental, operating expense, insurance and tax trends
  - Long-term attractiveness of property location
  - Local governmental regulations (zoning, usage)
- Operator
  - Executive team experience, relationships, and aptitude
  - Achievability of business plan in relation to operator's capabilities
  - Internal operating team, processes, and systems
  - Track record
- Structure
  - Control provisions in scenarios of underperformance and/or distress
  - Appropriateness of leverage level and duration
  - Debt covenants
  - Upfront reserves and potential for future capital calls
  - Operating agreements

Adviser has multiple third-party associates (financial, environmental, physical, etc.) for off- and on-site due diligence, as well as an in-house legal team that works closely with outside counsel for legal review. In addition to the desktop underwriting, the acquisitions team visits sites to personally inspect assets.

## Bridge Financings

Adviser and its affiliates will employ a variety of methods to ensure that it can work with speed and certainty when pursuing Investment opportunities, which due to the nature of the competitiveness inherent in sourcing high-quality real estate projects are only available to capital sources that can move quickly and with certainty.

- Institutional Investor Partner: Adviser's affiliates have partnered with an institutional investor that has agreed to pre-approve transactions offered on the Web Portal prior to widespread syndication, such that any unsold allotment of such pre-approved transaction will be purchased by such investment partner. Adviser will disclose the existence and cost of such pre-approval to Investors.
- Credit Facilities: Adviser's affiliates have entered into a variety of company-level lines of credit that allow such affiliates to draw down on such lines of credit to move quickly on investment opportunities. In some cases, these lines of credit require that our affiliates take an ownership interest in an Investment and pledge such ownership interest as collateral for the advance. In such instances, all or some of the allotment with respect to such Investments will be sold by our affiliate to Clients. In other cases, these lines of credit will be backed by the Client or partner commitments or will be cash-collateralized facilities.

Investors may be required to reimburse Adviser and its affiliates for the expenses and costs of such bridge financings or may be subject to an interest charge on an Investment to cover such expenses and costs, in either case as set forth in the applicable Governing Documents.

## Risk of Loss/Risk Factors

### *Real Estate Ownership in General*

The Investments will be subject to the risks generally incident to the ownership, operation and development of real property. 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. Property cash flows and the marketability and value of real property are affected by a number of factors, some of which are beyond the control of Adviser, including, without limitation:

- changes in the general and local economic climate;
- changes in supply of and demand for competing properties in an area;
- the quality and philosophy of management;
- attractiveness, location and physical condition of the properties;
- competition based on rental rates;

- financial condition and resources of tenants, buyers and sellers of properties;
- quality of maintenance, insurance and management services;
- changes in real estate and other taxes, operating costs and expenses;
- changes or promulgation and enforcement of government regulations (including those governing land use, improvements, zoning, environmental, occupational and safety matters, rent control and taxes);
- energy and supply shortages;
- various uninsured or uninsurable risks;
- fluctuations in interest rates, capitalization rates and credit market dislocation;
- availability of financing which may render the sale or refinancing of properties difficult or impracticable;
- natural disasters, acts of war or terrorism and other factors that are beyond the control of Adviser and the developer of the Investment; and
- risks associated with the burdens of ownership of real property.

If any Investment does not generate sufficient revenues to meet its operating expenses, including debt service and capital expenditures, the Investment's cash flow and, if applicable, the ability to pay distributions to Clients will be adversely affected. Additionally, all real estate and real estate-related investments are subject to the risk that a general downturn in a foreign economy or the national or local economy within the United States will depress real estate prices.

#### *Coronavirus and Public Health Emergencies*

As of the date of this brochure, there is an outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a "Public Health Emergency of International Concern." The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets, including in the United States. The global impact of the outbreak is rapidly evolving, and many countries, states, provinces, districts, departments and municipalities have reacted by instituting quarantines, curfews, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues, including certain infrastructure structures and facilities.

Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism and entertainment, among other industries. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu,

other coronavirus, ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the Investments and could adversely affect the Advisor's ability to fulfill its investment objectives.

The extent of the impact of any public health emergency on the operational and financial performance of the Fund will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of the Investments as well as the ability of Adviser to source, manage and divest investments and achieve their investment objectives, all of which could result in significant losses to the Investments. In addition, the operations of each Investment Fund, its Investments and Adviser may be significantly impacted, or even halted, either temporarily or on a long-term basis, as a result of government quarantine and curfew measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. See below in this **Item 8** regarding *Risks Specific to Investing in OZones, etc.* on the potential impact of COVID-19 on OZone Investments.

#### *Competition for Acquisitions and Tenants*

The activity of identifying, completing and realizing attractive real estate investments is highly competitive, and involves a high degree of uncertainty. Competition exists for investment opportunities in most sectors of the real estate industry, including all sectors in which Adviser intends to direct funding of Investments. Competition may generally reduce the number of suitable prospective assets offered on the Web Portal and increase the bargaining power of operators or property owners seeking to sell, thereby increasing prices and reducing the potential returns for these Investments.

It is expected that other properties will compete with the Investments in attracting tenants, or if the Investment is a hotel, hotel guests. If the demand for rental properties or hotel rooms is reduced, or if competitors develop and/or acquire competing properties on a more cost-effective basis, rental or room, rates, respectively, may decrease, which may have an adverse effect on the income generated from the Investments and their underlying value. In addition, Investments in multifamily assets may be adversely affected by changes in the homeownership market, including effects from changes in interest rates on home mortgages.

#### *Potential Lack of Diversification*

The Investments identified by Adviser will be limited in number and, as a consequence, will have limited diversification by asset type, location or other criteria. Consequently, the overall performance of the Investments may be adversely affected by the unfavorable performance of a small number of the Investments. If the Investment is in a transaction entered into with the intent of refinancing or selling a portion of the Investment at or prior to the closing of the acquisition of the Investment's assets, there is a risk that the Investment will not close or be unable to successfully complete a financing or sale. This possibility could lead to increased risk as a result of the Client losing all or a portion of its investment in an Investment where the underlying assets are never acquired or having an unintended long-term investment or reduced diversification. In addition, due to any number of factors, including the failure of the Web Portal to attract operators or a diverse group of potential Investments, there may be an insufficient number of Investments available for funding on the Web Portal across different asset types that satisfy the investment guidelines of any particular Client.

#### *Lack of Substantial Operating History*

Adviser does not have a substantial operating history upon which a client can base its prediction of future success or failure. In addition, although Adviser's business plan is to partner with experienced operators, managers and real estate property managers, the operators and managers of any particular Investment may not have any or substantial prior operating history.

#### *Limited Transferability and Illiquidity of Investments*

The securities with respect to Investments are not intended to be registered under the Securities Act or the securities laws of any jurisdiction and are instead intended to be sold pursuant to specific exemptions under the provisions of the Securities Act and the laws of other relevant jurisdictions, which depend, in part, upon the agreement of the purchasers not to transfer their interests absent registration thereof or reliance upon applicable exemptions from such registration requirements. Sales or other transfers of such securities may be made only in compliance with the Securities Act, applicable state securities laws and certain limitations set forth in the underlying documentation for each Investment. Purchases of the Investment Securities should be considered a long-term investment and liquidity for the Investment Securities may not be achieved at the most favorable price, if at all. Investments made in an Investment Fund that invests in a joint venture with a developer may also be more illiquid than investments made directly in the joint venture with a developer. In particular with respect to OZones, in order to benefit for the full benefits of the QOZ program, Investments generally must be held for at least ten years, which will serve to limit the ability of Adviser to exit or dispose of Investments prior to the satisfaction of such holding period.

#### *Pledging of Commitments*

One or more affiliates of Adviser ("Affiliate Borrowers") may seek to incur indebtedness secured by

the commitments of investors to a Client. In order to provide credit support of this indebtedness or other obligations of such Affiliate Borrowers, Adviser may pledge, assign or otherwise make available for credit support some or all of the investor commitments. In the event that an Affiliate Borrower cannot satisfy its obligations in connection with such indebtedness, investors may be directed by Adviser to directly or indirectly fund some or all of its commitments to the lender of such indebtedness. Clients may not be able to purchase Investments with such portion of their commitments paid to the lender and will have no further rights with respect to such portion of their commitments.

### *Cash Flow Risks*

Adviser intends to pursue an investment strategy that includes targeting Investments with a projected near-term cash flow. However, there is no guarantee that any investment will achieve near-term cash flow, if at all. Property development and redevelopment risks for any Investment, specifically Investments within our OZone platform, include the risk that occupancy rates and rents at a newly completed or renovated property may be less than anticipated and the construction and leasing of a property may not be completed on schedule or may cost more than anticipated due to, among other factors, events beyond the control of Adviser and the developer of the Investment (such as weather conditions, labor or material shortages or labor actions such as strikes). Development and redevelopment 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 governmental permits and authorizations. It is also possible that construction or permanent financing may not be available on favorable terms or at all. Any of these risks could result in substantial unanticipated delays or additional expenses and, under certain circumstances, could prevent completion of development and redevelopment activities once commenced, any of which could have a material adverse effect on the performance of an Investment. Properties under development or properties acquired for development or redevelopment may receive little or no cash flow from the date of acquisition through the date of completion of development or redevelopment and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced.

### *Risks of Investing in Real Estate Related Debt Investments*

Although not currently a part of Adviser's business plan, Adviser may direct Clients to acquire not only performing, but sub-performing or non-performing debt investments that meet the investment objectives set forth in the investment guidelines with respect to any Client, which are secured directly or indirectly by real estate. Any real estate debt investments that are in default may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and/or a substantial write-down of the principal of such debt investments. Additionally, a risk exists that upon maturity of a real estate loan (including

a loan that has been successfully restructured) a replacement “takeout” financing will not be available. It is possible that the owners of an Investment, including Clients, may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by Clients. The foreclosure process can be lengthy and expensive. In some states, foreclosure actions can take up to several years or more to litigate. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure action and further delaying the foreclosure process. In any foreclosure action, the amount realized by a Client, if any, may be substantially less than the sum of the underlying loan and the expenses incurred in connection with such foreclosure action. The amount that may be received by a Client may also be substantially affected by foreclosure actions by lenders senior to the Client, if any.

#### *Mezzanine or Preferred Equity Investments*

Certain debt or equity Investments in which Clients may invest may be subordinated to substantial amounts of senior indebtedness. The ability of any Client holding subordinated or mezzanine debt or equity to influence a company’s affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior holders. Accordingly, a Client may not be able to take the steps necessary to protect its investments in a timely manner or at all. Investments may also be subject to other creditor risks, including: (i) the possible invalidation of an investment transaction as a “fraudulent conveyance” under relevant creditors’ rights laws; (ii) so-called lender liability claims by the issuer of the obligations; and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. Investments may be subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Clients earlier than expected, resulting in a lower return to the Clients than projected. In many cases, a Client’s management of its Investments and its remedies with respect thereto, including the ability to foreclose on any collateral securing such investments, will be subject to the rights of the senior holders and contractual intercreditor provisions.

*Risks Specific to Investing in OZones; Exiting QOFs; Locating Suitable Investments in OZones; Risks Specific to Development Projects; SPVs may not meet the requirements to be treated as QOFs; Timing Considerations for QOZ Program; Future Tax Liability*

With respect to Adviser’s OZone platform, Adviser expects to pursue primarily real estate development (and possibly repositioning) projects in OZones to take advantage of the federal tax benefits associated with the QOZ program.

The Internal Revenue Service (“IRS”) and U.S. Treasury Department issued proposed regulations on October 19, 2018 (the “2018 Proposed Regulations”), on April 17, 2019 (the “April Proposed Regulations”), and on December 19, 2019 (the “Final Regulations”; together with the 2018



Proposed Regulations, the April Proposed Regulations and the Final Regulations, collectively, the “QOZ Regulations”), which address some of the questions and ambiguities that exist under the QOZ provisions of the Code (the “QOZ Rules”). The Final Regulations are generally applicable for taxable years beginning after March 13, 2020, provided that for taxable years prior to such effectiveness, taxpayers are entitled to rely on the 2018 Proposed Regulations and April Proposed Regulations so long as they are applied consistently.. Despite the issuance of the Final Regulations, a number of unanswered questions still exist with respect to the QOZ Rules and it is likely that various uncertainties will remain as to the interpretation of the QOZ Rules and Final Regulations. Adviser cannot predict what impact, if any, additional guidance may have on the Adviser’s or a Client’s investment strategy. In fact, such guidance may render ineligible certain categories of projects that are currently expected to qualify.

Adviser cannot guarantee that there will be a market for Clients to liquidate their investments (or for Adviser to liquidate its interest in the underlying investments) at the end of the ten-year hold period. If Clients liquidate prior to the end of such ten-year holding period, or if a particular Investment is sold by the QOF prior to the end of such period, the anticipated U.S. tax benefits associated with an investment may not occur or may be substantially compromised. The Final Regulations confirmed a rule introduced in the April Proposed Regulations, giving a QOF up to 12 months to reinvest the proceeds from the sale or disposition of certain qualifying investments while preserving the anticipated U.S. tax benefits, so long as the proceeds of such sale or disposition are invested during such period in cash, cash equivalents or debt instruments with a term of 18 months or less. However, neither the April Proposed Regulations nor the Final Regulations contain any special nonrecognition rules that would exempt any gain resulting from such sale or dispositions from the imposition of U.S. tax. Because Adviser intends that special purpose vehicles (“SPVs”) that hold Investments will qualify as QOFs and to meet the requirements for achieving certain tax advantages for investors who invest qualifying gains in a QOF, Adviser may make investment decisions that are different from those it would make if it were not intending to so qualify. For example, Adviser may hold Investments for longer periods than if it were not intending to qualify under the QOZ program. Investments may therefore be sold at inopportune times in light of market conditions.

Investments must be located in OZones in order to be eligible for the benefits of the QOZ program. Accordingly, we are likely to experience increased competition and market demand for the development projects and opportunities that we will target. Our investments in OZones are likely to implicate the risks associated with the concentration of real property in economically depressed areas. Because our Investments will be almost exclusively concentrated in OZones, we may experience losses as a result of such concentration. A worsening of economic conditions in Opportunity Zones in which our investments will be concentrated could have an adverse effect on Investments.

As a result of the requirements of the QOZ program, unless the QOF relies on the “original use”

requirement as further set forth below, Adviser expects to “substantially improve” properties in order for them to qualify as assets that satisfy the requirements for SPVs to be treated as QOFs. Under the Final Regulations, certain aggregation rules may apply in determining whether property has been substantially improved. Moreover, Adviser may acquire unimproved real property or properties that are under development or construction. Investments in such properties will be subject to the uncertainties associated with the development and construction of real property, including those related to re-zoning land for development, environmental concerns of governmental entities and/or community groups and builders’ ability to build in conformity with plans, specifications, budgeted costs and timetables. If a builder fails to perform, Adviser may resort to legal action to rescind the purchase or the construction contract or to compel performance. A builder’s performance may also be affected or delayed by conditions beyond the builder’s control. Delays in completing construction could also give tenants the right to terminate preconstruction leases. Additional risks may be incurred when periodic progress payments or other advances to builders are made before they complete construction. These and other factors can result in increased costs of a project or loss of our investment. In addition, Investments will be subject to normal lease-up risks relating to newly constructed projects. Adviser must rely on rental income and expense projections and estimates of the fair market value of property upon completion of construction when agreeing upon a purchase price at the time of the acquisition of property.

An SPV may also qualify as a QOF if the “original use” of the property in the QOZ commences with the QOF. The “original use” of tangible property acquired by purchase commences on the date when that person or a prior person first places the property in the QOZ for purposes of depreciation and amortization. Under U.S. federal tax law, placement in service occurs when an asset is “ready and available for a specifically assigned function”. The IRS has taken the position that placement in service (outside the QOZ Rules context) has not occurred before regular daily operations are commenced and all permits have been obtained. In the Final Regulations, the IRS declined to adopt a bright-line rule for determining placement in service (for example, the receipt of a temporary certificate of occupancy).

Adviser expects SPVs (each of which is expected to certify as a QOF) to be formed as partnerships for U.S. federal income tax purposes, and to in turn invest in properties through subsidiary entities that are also expected to be treated as partnerships for U.S. federal income tax purposes. However, there is a significant risk that Adviser may be required to modify the corporate structure of Investments, the provisions of the operating agreements governing the SPVs, or the Investment guidelines of a managed account, in each case without the consent of Clients, in order to maintain eligibility under the QOZ program.

Adviser intends to operate in conformity with the requirements for SPVs to be classified as QOFs pursuant to Section 1400Z-2 of the Code, the QOZ Regulations and any subsequently issued guidance thereunder. In general, a QOF is any investment vehicle organized as a corporation or a partnership for the purpose of investing in qualifying property and that holds at least 90% of its

assets in such qualifying property. The April Proposed Regulations introduced a special rule (subsequently confirmed by the Final Regulations) allowing a QOF to disregard newly contributed assets (for purposes of the 90% asset requirement) for a period of six months so long as such assets are invested in cash, cash equivalents or debt instruments with a maturity of 18 months or less. An SPV will generally be required to test for compliance with these requirements twice a year. The 2018 Proposed Regulations clarify that a QOF may select the initial month of its QOF designation. With respect to the first taxable year of the QOF, if such month is during the latter half of the taxable year, then the only testing date for such initial year will be the final day of the year. “Qualified property” includes “qualified opportunity zone business property,” as well as certain interests in entities that are treated as a “qualified opportunity zone business (a “QOZB”).” Generally, qualified opportunity zone business property is tangible property used in a trade or business that meets certain specified requirements and is located in areas designated as OZones. The 2018 Proposed Regulations adopted an important new safe harbor that enables a QOF to hold cash as reasonable working capital for up to 31 months without compromising the ability to satisfy the QOZ requirements. The April Proposed Regulations provide that exceeding the 31-month period does not violate the Working Capital Safe Harbor if the delay is attributable to waiting for government action, the application for which is completed during the 31-month period. The Final Regulations extended the Working Capital Safe Harbor by allowing a QOZB to benefit from multiple overlapping or sequential periods, for a maximum of 62 months, provided that (i) each infusion of working capital independently complies with the 31-month Working Capital Safe Harbor, (ii) the subsequent infusions of working capital form an “integral part” of the plan covered by the initial 31-month Working Capital Safe Harbor and (iii) each overlapping or sequential application must include a “substantial amount” of working capital. Even with this clarification under the Final Regulations, the application of the Working Capital Safe Harbor is likely to give rise to numerous questions, including what amount of working capital satisfies the “substantial amount” requirement. These uncertainties are likely to present challenges in certain circumstances.

Following the outbreak of COVID-19, the federal government automatically extended the 31-month Working Capital Safe Harbor for an additional 24 months if the QOZB is located in an opportunity zone within a federally declared disaster area. Any projects located in New York, California, or Washington can benefit from this 24-month extension as a result of the disaster declarations in those states. If additional states hardest hit by COVID-19 are declared disaster areas, then any projects located in opportunity zones in those states would get an extra 24 months added on to their 31-month Working Capital Safe Harbors. There is also an interpretation of the regulations which would treat the declaration of a national emergency as also triggering a 24-month extension nationwide, but it is not clear whether the Treasury will explicitly approve this interpretation.

It is possible that one or more SPVs may fail to meet the requirements to be treated as a QOF, and there can be no guarantee that any Client will realize any tax advantages of investing in a QOF. In the event that an SPV does not meet requirements to be treated as a QOF, certain penalties may apply. Any such penalties would likely be treated as an expense of the Investment, which could

adversely impact the returns of the Investment, perhaps substantially.

In order for Clients to receive the benefits of investing in a QOF, the Client must make timely investments in the Investments and timely elections. Furthermore, any gain deferred by investing in a QOF must have been generated from a sale to an unrelated party within 180 days of investment in the applicable SPV. For these purposes, special rules apply to capital gains realized through partnerships or other flow through entities. Adviser has no control over these circumstances, and Clients will have to rely on their own tax advisors and determinations.

Eligible gains deferred pursuant to the QOZ program must be included in income as of December 31, 2026, even if still held at such time. The applicable SPV may not have sufficient cash flow to make distributions, including tax distributions, until the applicable Investment is sold, and therefore a Client may be required to fund its own such tax liability, which will be due regardless of cash flow from the Investment. Failure to pay such taxes may result in interest and penalties due to the IRS.

#### *Reliance on Operators; Limited Advisory Services*

Clients will generally be directed to make Investments that will be managed by third-party operators. Adviser and its affiliates' role in the day-to-day property management of these Investments will be minimal and the Clients will be relying in large part on the skill and ability of the operator for the relevant Investment. The ability of the Clients (or Adviser) to influence the management of an Investment by an operator will be minimal and may be different for each Investment. Furthermore, depending on the Client documentation, Adviser may have no obligation to any Client to advise it with respect to an Investment after the Investment has been consummated, including with respect to exiting the Investment.

#### *General Economic Conditions*

Changes in general economic conditions may affect the Investments. 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 identified by Adviser 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 (i) Adviser's ability to identify Investments and (ii) the value 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 portfolio companies. The Investments can be expected to be sensitive to the performance of the overall economy. A negative impact on economic fundamentals and consumer and business confidence has increased market volatility and reduced liquidity, both of

which could have a material adverse effect on the performance of the Investments. No assurance can be given as to the effect of these events on the Investments or investment objectives of the Client.

#### *Changes in and Compliance with Applicable Laws*

Compliance with changes in: (i) laws increasing the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions; (ii) rent control or rent stabilization laws; or (iii) other governmental rules and regulations or enforcement policies affecting the use and operation of the properties underlying the Investments, including changes to building codes and fire and life-safety codes, may result in significant unanticipated expenditures.

#### *Side Letters*

Adviser may from time to time enter into letter agreements or other similar arrangements or vary the terms of a particular Investment Fund (collectively, "Side Letters") with one or more Investors that have the effect of establishing rights under, or altering or supplementing the terms of such Investment Fund. As a result of such Side Letters, certain Investors may receive additional benefits that other Investors will not receive, including individual treatment with respect to Investments and consent rights with respect to Investments. Adviser will not be required to notify any or all of the other Investors of any such Side Letters or any of the rights or terms or provisions thereof, nor will Adviser be required to offer such additional or different rights or terms to any or all of the other Investors. Adviser may enter into such Side Letters with any party as Adviser may determine in its sole and absolute discretion at any time. The other Investors will have no recourse against Adviser or the Investment Fund or any of their affiliates in the event that certain Investors receive additional or different rights or terms as a result of such Side Letters.

#### *Capital Not Yet Drawn*

There can be no assurance that all commitments to any Investment Fund will be paid in full when called. If an Investor defaults on its obligation to make required capital contributions, it may be difficult for Adviser to make up the shortfall from other sources. In addition, it may be difficult, or impossible, to obtain or enforce a judgment against certain parties such as, for example, those affiliated with foreign governments or international organizations established by treaty that enjoy certain immunities, including immunities from taxation and service of process, for the amount of their capital calls. To the extent that some Investors do not honor their commitments, the other Investors may be required to contribute additional capital to replace such shortfall, in accordance with the relevant Governing Documents.

#### *Yield Assessment Risk*

Before pursuing any Investments, Adviser will consider, among other things, the expected internal rate of return of the Investment and the factors that may influence the yield actually obtained on such Investment. These considerations will affect Adviser's decision whether to direct Clients to fund such Investment. Despite management's experience in evaluating potential investments, no assurances can be given that Adviser can make an accurate assessment of the yield to be produced by an Investment. Many factors beyond the control of Adviser are likely to influence the yield on the Investment, including, but not limited to, competitive conditions in the local real estate market, local and general economic conditions and the other factors discussed herein.

#### *Limited Current Return*

The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an Investment. While Adviser intends to, among other characteristics, identify Investments that have a positive cash flow in a short period of time, there can be no guarantee any or all of the Investments will achieve such positive cash flow. In many instances, the decision to dispose of an Investment is at the sole discretion of the Client. In other instances, a particular Client may not have any say in whether an Investment is disposed of in whole or in part. In any event, even if a disposition was deemed by a Client to be in its best interest, the Client may not be able to locate parties interested in purchasing some or all of one or more Investments upon the Web Portal or otherwise. In such an event, certain Clients may not be able to achieve a current return on an Investment.

#### *Structure of Investments*

The securities issued for Investments may be interests issued by the joint venture with the developer of the Investment or by an Investment Fund that invests in interests issued by the joint venture with the developer of the Investment. For Investment Funds, Investors will be dependent on the management skills of Adviser or its affiliate, will not directly own interests in the joint venture with the developer of the Investment and may have fewer rights than direct investors in such joint venture. Any such Investment Funds would not be register under the Investment Company Act of 1940, as amended, some in reliance on Section 3(c)(1) or Section 3(c)(7) thereof and some of which will not meet the definition of "investment company" as set forth in the Investment Company Act. As such, it is expected that (a) investment in each such Section 3(c)(1) Investment Fund would be limited to 100 beneficial owners and (b) investment in each such Section 3(c)(7) Investment Fund would be limited to Investors that are "qualified purchasers" as defined in the Investment Company Act, and that transfers of interests in such Section 3(c)(1) or Section 3(c)(7) Investment Fund will be limited in a manner determined by Adviser or its affiliate to help ensure compliance with such limitations.

#### *Non-Controlling Investments; Investments in Third Parties*

Most, if not all, Investment Securities will represent a non-controlling interest in such related Investment and, therefore, Clients will have a limited ability to protect their position in such Investments. For example, Clients likely will not have the ability to influence the management of the joint venture and instead will be represented by Adviser or its affiliate, acting on behalf of its Clients in its sole discretion; provided, however, that Adviser and its affiliates' rights to influence management may also be limited. Further, for matters that Investors are entitled to vote on, if there are one or more Investors that have made significantly larger capital contributions to a particular Investment relative to other Investors therein, such Investors may be able to meet the required voting thresholds set forth in the Governing Documents without the other Investors. In addition, the management of the joint venture or its shareholders may have economic or business interests which are inconsistent with those of Adviser's Clients, and they will likely be in a position to take action contrary to the objectives of such Clients.

#### *Investments in Partnerships and Other Entities*

All, or almost all, of the Investments are foreseen to be investments in other entities, including partnerships or joint ventures with others. Such Investments may involve risks not present in direct property investments. While Adviser and/or its affiliates intend to review the qualifications and previous experience of any proposed co-venturers or partners before making the Investment available on the Web Portal, it does not expect in all cases to obtain financial information from, or to undertake private investigations with respect to, prospective co-venturers or partners.

#### *Tax Considerations*

Investments in the Investments involve complicated tax issues and risks. Each potential Investor is strongly advised to consult with its own tax advisers (legal, accounting, and otherwise) concerning making any Investment or participating in any Investment Fund. Adviser is not undertaking to give any tax advice, nor consider any particular Investor's tax issues or concerns or any tax issues or concerns whatsoever when advising a Client.

#### *Cybersecurity Risk*

Advisers and its affiliates have developed a business continuity plan to maintain critical functions in the event of a partial or total building outage affecting our offices or a technical problem affecting applications, data centers or networks. The business continuity plan is designed to allow Adviser to quickly recover and resume business, and to limit the impact on Clients from any business disruption. Nevertheless, our ability to conduct business may be curtailed by a disruption in the infrastructure that supports our operations and the regions in which our offices are located.

In addition, with the increased use of technologies such as the Internet and "cloud-based" services to conduct business, Clients and Investors could be susceptible to operational, information security

and related risks. As part of their business, Adviser and its affiliates, store and transmit large amounts of electronic information and personally identifiable information, in particular via the Web Portal. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security failures or breaches by a third party service provider have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, and violations of applicable privacy and other laws. In particular, breach of Advisers' or its affiliates information systems, including, but not limited to the Web Portal, may cause information relating to Clients and personally identifiable information of Investors, to be lost or improperly accessed, used or disclosed. Adviser's service providers, many of which are "cloud-based," are subject to the same electronic information security threats as Adviser. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to Clients and personally identifiable information of Investors, may be lost or improperly accessed, used or disclosed. While Adviser has procedures and systems in place that they believe are reasonably designed to protect such information and prevent data loss and security breaches, such procedures cannot provide absolute security. The loss of, improper access to, or improper disclosure of, Adviser's, a Client's or an Investor's proprietary information may cause the Adviser, a Client or an Investor, among other things, financial loss, the disruption of their businesses, liability to third parties, regulatory intervention, fines, penalties, financial losses, reimbursement or other compensation costs, additional compliance costs or reputational damage. Any of the foregoing events could have a material adverse effect on Adviser, the Clients, the Investors, and the Investments.

#### Potential Conflicts of Interest

Prospective Investors should be aware that there may be occasions when Adviser and its affiliates will encounter potential conflicts of interest in connection with its activities and the activities of a Client.

#### *Other Investment Activities*

Adviser may be advising multiple Clients simultaneously. Adviser may devote more time to certain Clients as compared to others. In addition, multiple Clients may have investment objectives or guidelines that overlap with others, in which case Adviser may allocate the investment opportunities in a good faith, fair and reasonable basis in Adviser's discretion. Investors may not agree with the allocation of investment opportunities by Adviser.

#### *Fees and Brokerage*

Adviser does not intend to charge any fees or commissions with respect to its activities and the activities of any Managed Account. However, Adviser and its affiliates intend to charge fees, commissions and expenses with respect to the Investments, including, but not limited to, a



commission for the Clients purchasing securities on the Web Portal and a servicing fee for the Clients holding each Investment. See, **Item 5. Fees and Compensation**. In addition, with respect to Investments an affiliate of Adviser (which may include an investment vehicle structured to allow for employee participation) will typically receive a Promote Share. See, **Item 6. Performance Based Fees**. In addition, Adviser will only suggest Investments that are offered through its affiliated broker/dealer, RealCadre, which will exclusively effect all transactions on behalf of Adviser. Although we do not expect any Investments to be available through any other broker-dealer or otherwise, there can be no guarantee that a Client would not be able to have similar investment opportunities available to them through other channels. Furthermore, we cannot guarantee that if another broker-dealer would offer the same or similar investment opportunity, that it would not offer a better execution than RealCadre.

#### *Management of Investments and Issuers of Investment Securities*

Most, if not all, decision-making rights with respect to the Investments that are not controlled by the developers of the Investments will be controlled by Adviser or its affiliates, as the managers of Investment Funds. Clients will be represented by Adviser or its affiliates and generally will not have any rights to participate in the management, business or decision-making of the Investments, either through the joint venture with the developer or the Investment Funds. In addition to charging a Servicing Fee with respect to its activities as a manager of any Investment Fund, such managers may also make decisions concerning the Investments, including with respect to the divestment of the Investments, that involve potential conflicts because Adviser or its affiliates may be advising or making decisions with respect to such Investments for various Clients.

#### *Co-investment Opportunities*

Adviser may offer co-investment opportunities to Clients and Investors, including Investors affiliated with Adviser, in such amounts and on such terms as Adviser determines in its discretion. Potential conflicts may be inherent in, or arise from, Adviser's discretion in providing such opportunities. In addition, once any co-investments are made, the interests of a particular Client or Investor and those of co-investing Clients or other Investors may subsequently diverge as market conditions shift or other opportunities become available.

#### *Investments with Affiliates of Adviser*

Adviser may direct Clients to invest in Investments that are managed or being developed by operators that are controlled by or are affiliated with members of the board of directors of the parent company of Adviser. While such operators are not affiliated with Adviser, potential conflicts may be inherent in, or arise from, Adviser directing investments in Investments in which a board member of the Adviser parent company will directly or indirectly benefit.

### *Legal Counsel*

Adviser has retained various legal and financial counsel in connection with the formation of the Investment Funds and other activities. In connection with any investment in an Investment Fund, prospective Investors should seek individual counsel at their own cost if they so desire.

### **Item 9. Disciplinary Information**

CCV and its employees have not been involved in any legal or disciplinary events in the past that would be material to a potential investor's evaluation of CCV or its personnel. As a registered investment adviser, CCV is obligated to disclose any legal or disciplinary event that would be material to a potential investor when evaluating the adviser's advisory business or integrity of its management.

### **Item 10. Other Financial Industry Activities and Affiliations**

CCV has an affiliated broker/dealer, RealCadre, which effects all transactions on behalf of CCV. In addition, affiliates of CCV are formed from time to time to act as general partners of the Investment Funds in accordance with the terms of the applicable Investment Fund's Governing Documents. Clients and Investors are made aware of these relationships through written disclosure.

### **Item 11. Code of Ethics; Participation or Interest in Client Transactions**

Adviser has adopted a Compliance Manual that addresses its particular business and compliance obligations under the Advisers Act. The Compliance Manual includes a code of ethics and addresses topics such as: (i) basic standards of conduct for personnel of Adviser; (ii) managing actual and potential conflicts of interest; (iii) affiliated transactions, joint investments, allocation, valuation; (iv) misuse of Client or Investor confidential information; (v) gift policies; and (vi) compliance with custody, advertising, recordkeeping, and disclosure obligations. The code of ethics is available to Investors upon written request.

For certain of the Investments, an affiliate of Adviser may create an entity to invest in the Investment on a short-term basis to facilitate the financing required to timely close an Investment, which financings may necessitate pledging of certain securities that will ultimately be included in the allotment of securities purchased by Clients. In such event, Adviser's affiliates will have ownership interests in some of the securities that will ultimately be included in the allotment of securities purchased by Clients. These arrangements may present conflicts of interest and are disclosed to potential investors in disclosure documents delivered prior to investment. If Adviser is engaged in a "principal transaction" under the Advisers Act, Adviser will specifically disclose same to its Clients

and obtain Clients' specific consent to such transaction.

Adviser's Compliance Manual addresses conflicts of interest and the method of managing potential conflicts that may arise in the case of, among other things: (i) affiliated transactions; (ii) joint investments; (iii) allocating investment opportunities; and (iv) valuation of assets.

## Item 12. Brokerage Practices

CCV will effectuate all Client transactions through its affiliated broker/dealer, RealCadre, and all Clients and Investors are made aware of this relationship. RealCadre may compensate its professionals in a variety of manners, including payment of commissions or bonuses for capital raised as well as bonuses based on overall revenue of the Parent.

### Research and other Soft Dollar Benefits

CCV will not receive research or other products or services from a broker/dealer or any third party in connection with Client securities transactions.

### Trade Errors

N/A • CCV does not engage in the trading of securities.

### Allocation of Investment Opportunities

Adviser has adopted an allocation policy that applies to all Investments offered to Managed Account Clients in which there is limited availability (each, a "Limited Opportunity").

### *General Allocation Guidelines*

Subject to Platform Allocation and Directed Investments set forth below, Managed Account Clients with investment objectives or guidelines that overlap but have no difference in priority will be offered or allocated (as applicable) participation in an Investment in accordance with Cadre's prevailing policy to make Limited Opportunities available to as many qualified Managed Account Clients as possible with allocations on a pro rata basis to relative available capital, subject to the following considerations: (i) any applicable investment objectives or guidelines of the applicable Managed Account Clients, (ii) any investment limitations, parameters or contractual provisions of the applicable Managed Account Clients, (iii) the sector, geography/location, expected return profile, expected distribution rates, anticipated cash flows, expected stability or volatility of cash flows, leverage profile, risk profile, and other features of the applicable investment opportunity and its impact on portfolio concentration and diversification, (iv) avoiding allocation that could result in de minimis or odd lot investments, and (v) legal, tax, accounting, regulatory and other considerations

deemed relevant by Cadre. Cadre and its affiliates will calculate available capital, weigh the factors described above (which may not be weighted equally) and make other investment allocation decisions in accordance with their prevailing policies and procedures in their sole discretion. The manner in which a Managed Account Client's available capital is determined may differ from, or subsequently change with respect to, other Managed Account Clients.

#### *Platform Allocation*

For each Investment, Cadre may reserve priority for a portion of the Investment to investors who are clients of RealCadre LLC but are not Adviser's Managed Account Clients (the "Platform Allocation"). The amount of the Platform Allocation shall be determined by Cadre from time-to-time on a basis that Cadre and its affiliates believe to be fair and reasonable in their sole discretion.

#### *Directed Investments*

Cadre may identify certain investments that will not be offered or allocated to all Managed Account Clients (each, a "Directed Investment"). These include:

- Co-investment opportunities offered only to Managed Account Clients having investment capacity, experience or contractual rights or who are existing investors in a particular Investment;
- Follow-on investment opportunities offered only to existing investors in a particular Investment; or
- a Limited Opportunity located by us at a request of a specific Managed Account Client.

### **Item 13. Review of Accounts**

Investors generally receive annual audited financial statements and a quarterly written report containing account balances and performance estimates.

### **Item 14. Client Referrals and Other Compensation**

CCV has entered into (and may enter into in the future) distribution and/or placement agent arrangements with unaffiliated third parties. In a typical distribution or placement agent arrangement, CCV agrees to pay a third-party solicitor for referring investors into an Investment Fund. Typically, third-party solicitors will receive fees from CCV (although other payment arrangements could exist). A prospective investor solicited by a third-party solicitor will be informed of (and may be asked to acknowledge in writing its understanding of) any such arrangement. All fees for such solicitation services are expected to be borne by CCV, and none of the investors in the Funds are expected to be subject to any increased or additional fees or

charges. Third-party solicitors in the U.S. may be registered as broker-dealers with the SEC. Third-party solicitors outside the U.S. will be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.

CCV may also maintain promotions that provide compensation to current clients, affiliate marketers, solicitors, and other persons who recommend CCV and refer new clients to open Managed Accounts. These promotions may include offering additional Managed Account services or products, more favorable fee arrangements, reduced or waived advisory fees, and/or cash or other material bonuses. New clients affected by the promotions are advised of such arrangements prior to opening an account. Clients are not charged any fee by CCV for being referred to CCV by a current client, affiliate marketer, solicitor, or other person (although these arrangements may affect whether a Client receives discounts or other special offers that CCV or its affiliates may make). These arrangements may create an incentive for a third party or other existing Client to refer prospective Clients to CCV, even if the third party would otherwise not make the referral. These arrangements may also create a conflict of interest for a Client to maintain a certain level of assets managed through CCV if doing so would result in eligibility to receive an incentive, bonus or additional compensation.

## Item 15. Custody

CCV may, with respect to certain Investment Funds, be deemed to have custody of Client assets by virtue of serving as general partner or managing member of such Investment Fund. As such, Adviser in such instances will be subject to Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) and intends to satisfy its Custody Rule obligations by complying with the provisions of the so-called “Pooled Vehicle Annual Audit Exception” with respect to such Investment Fund, which, among other things, requires that each such Investment Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each such Investment Fund distribute its audited financial statements to all investors within 120 days after the end of its fiscal year.

## Item 16. Investment Discretion

### Managed Accounts

Typically, Adviser buys and sells securities and other instruments for its Managed Account on a discretionary basis in a manner consistent with each Managed Account’s investment guidelines and restrictions, as set forth in the governing agreements and documents of each Managed Account. The parameters of these guidelines can vary from Managed Account to Managed Account, but each Investor will have agreed to its specific investment guidelines prior to their

commitment to Managed Account. A limited number of Managed Accounts may be non-discretionary in that they require Adviser to obtain a Client's specific consent to invest in any or certain types of Investments.

### Private Funds

Investment advice is provided directly to the Investments Funds, subject to the direction and control of the general partner of each Investment Fund (each of which is an affiliate of Adviser), and not individually to the Investors in the Investment Funds. Services are provided to the Investment Funds in accordance with their Governing Documents. Investment guidelines and restrictions for the Investment Funds are generally established in their Governing Documents.

## Item 17. Voting Client Securities

Adviser has adopted written policies and procedures to address how it will vote proxies for its Clients' Investments. Adviser's policy is to exercise proxy votes in the best interest of its Clients. Investors cannot direct Adviser's vote in a particular solicitation.

When voting Client proxies, Adviser will take into consideration all relevant factors, including without limitation, acting in a manner that Adviser believes will: (i) maximize the economic benefits to the Clients; and (ii) promote sound corporate governance by the issuer. Adviser may be required to exercise a vote for a privately-held investment, such as an investment in a joint venture, in which case the same procedures will apply.

Adviser will seek to avoid material conflicts of interest between its Clients and itself. For example, if a Managed Account Client is invested in an Investment Fund, Adviser will not exercise voting authority on behalf of the Managed Account Client for such Investment Fund.

Adviser has adopted and implemented written policies and procedures regarding the voting of Client proxies, including the handling of potential conflicts of interest. A copy of Adviser's written proxy voting policies and procedures will be maintained and available for review upon written request.

## Item 18. Financial Information

CCV has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to provide investment advisory services to any Client.