

ITEM 1 – COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE

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This Brochure provides information about the qualifications and business practices of Calmwater Asset Management, LLC (“Calmwater Capital”). If you have any questions about the contents of this Brochure, please contact Calmwater Capital’s Chief Compliance Officer at 310-806-9770. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority, and references in this Brochure to Calmwater Capital as a “registered investment adviser” are not intended to imply a certain level of skill or training.

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

ITEM 2 – MATERIAL CHANGES

Calmwater Capital has not made any material changes to this Brochure since its last annual amendment, dated March 27, 2019. Calmwater Capital may have revised the language in certain sections but has not materially altered any of its other responses in this Brochure.

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ITEM 4 – ADVISORY BUSINESS

Calmwater Asset Management, LLC (“**Calmwater Capital**”), a Delaware limited liability company, was formed in 2015. Calmwater Capital is principally owned by The CHT Trust through CAM Holdings, LLC.

Calmwater Capital provides discretionary investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”) and whose securities are not registered under the Securities Act of 1933, as amended (the “**Securities Act**”).

Calmwater Capital currently provides investment advisory services to Calmwater Capital 3, LLC, a California limited liability company (“**Fund I**”). Calmwater Capital also provides investment advisory services to a master fund structure consisting of U.S. Real Estate Credit Master Fund III ICAV (the “**Master Fund**”), an Irish Collective Asset Management Vehicle, U.S. Real Estate Credit Mini-Master Fund III, LP, a Cayman Islands exempted limited partnership; US Real Estate Credit Offshore Fund III, LP, a Cayman Islands exempted limited partnership, and US Real Estate Credit Fund III, LP, a Delaware limited partnership (collectively, “**Fund III**” and together with Fund I, the “**Funds**”).

A Fund’s general partner may, in its sole discretion, make available co-investment opportunities to another fund managed by Calmwater Capital or an affiliate or strategic or other investors. Such investments may be offered directly, or indirectly through the establishment of a co-investment vehicle (each a “**Co-Investment Vehicle**” and, collectively with the Funds, the “**Advisory Clients**”). Calmwater Capital in its sole discretion shall allocate the available investment among the Funds and the persons, if any, who are co-investing (subject to certain limitations in the Governing Documents (as defined below). Co-investment opportunities may be offered to some but not all investors.

Advisory Clients invest primarily in senior loans originated by Calmwater Capital that are secured typically by office, industrial, retail, multi-family and hospitality properties in the United States. While Calmwater Capital is focused on secured commercial real estate bridge lending, primarily senior loans, Calmwater Capital may also make other loan or real estate investments. Each Fund’s investment objective and/or parameters are set forth in the Fund’s applicable governing documents (the “**Fund Documents**”) provided to each investor in the Fund (“**Investor**”).

Calmwater Capital limits its services to advising Advisory Clients on investments in loans and similar instruments. However, Calmwater Capital does not tailor its advisory services to the individual needs of Investors, and Investors may not impose restrictions on investing in certain securities or types of investments. As applicable, the Fund Documents for a Fund set forth the Fund’s investment strategy, including guidelines regarding the types of instruments the Fund will invest in and portfolio limits (if any).

Certain Funds have entered into side letter agreements with one or more Investors that provide such Investors with terms additional to or different from those set forth in the Fund Documents. Such side letters cover may different topics, including without limitation, “most favored nations” rights; advisory committee appointments; modified notice or reporting requirements; confidentiality; participation in co-investments opportunities, alternative investment vehicles or parallel funds; transfers; use of placement agents; borrowing; modified carried interest calculation; capital commitment requirements or restrictions; Master Fund ownership requirements; the right to receive certain special allocations; and certain other matters relating to an investment in the Fund(s).

As of December 31, 2019, Calmwater Capital manages \$978,199,348 in assets under management, all on a discretionary basis.

ITEM 5 – FEES AND COMPENSATION

Management Fee:

Fees and compensation are described in the applicable Governing Documents for each Fund. Calmwater Capital typically receives an asset management fee from Advisory Clients, payable to Calmwater Capital quarterly in advance, based on a percentage of the capital commitments during the commitment period and an aggregate net asset value of all investments thereafter. Such fees are deducted from Advisory Client accounts and are not refundable. This fee is negotiated with and approved by Investors at the time of fund formation.

Performance-Based Fee payable upon Distribution/Realization of Proceeds:

As described in more detail in Item 6 below, subject to a clawback, an affiliate of Calmwater Capital receives performance-based profit distributions (commonly referred to as “**Carried Interest**”) from Fund III, typically once all capital contributions have been returned to the Investors (pursuant to the terms of the Governing Documents). An affiliate of Calmwater Capital is entitled to receive carried interest allocation on the investments of those Funds, respectively, including a “catch-up.” It should be noted that with respect to certain Investors, Calmwater Capital has individually negotiated the terms of any performance distributions.

Any new Fund launched by Calmwater Capital may have materially different terms than those summarized above. It should be noted that the fees paid by the Fund are negotiable by Investors prior to an investment in the Fund, at the discretion of Calmwater Capital.

Expenses:

Calmwater Capital and its affiliates will generally bear all of their respective day-to-day operating and overhead expenses, including compensation of employees, and any fees paid to or expenses incurred by a placement agent.

Each Fund will bear its own organizational, legal, and offering expenses incurred in its formation, syndication and closing (“**Organizational Expenses**”) up to a certain aggregate amount. Organizational Expenses include, without limitation, travel expenses (at commercial airline rates) and third-party out-of-pocket expenses of Calmwater Capital and their affiliates and agents in connection with initial and additional closings, legal fees and accounting fees. Organizational Expenses in excess of a certain threshold (if charged to the Fund) will be offset against management fees.

Each Fund will pay all costs, expenses and liabilities in connection with its operations, and the Fund’s share of expenses of any parallel funds, such as: fees, costs and expenses related to (i) all third party out-of-pocket expenses that are incurred (directly or indirectly) in connection with originating, analyzing, acquiring, holding, working out, managing, servicing, and disposing of any investment and/or prospective investment, including, without limitation, transaction costs, deal origination fees paid to brokers, due diligence expenses (including the fees and expenses of specialized consultants, technical advisors or other experts), fees and expenses of third party lawyers and accountants, fees and expenses paid to third party agents or other advisors involved in acquiring or selling an investment, travel expenses (at commercial airline rates) of Calmwater Capital’s and/or its affiliates’ professionals related to investment activities, structuring expenses, database and software, and research material expense; (ii) expenses of operations and employees

relating to any entities owned directly or indirectly by the Fund and formed primarily to provide the Fund with a benefit relating to tax and/or structuring issues (including, but not limited to costs and fees such as rent, salaries of such employees and related administrative expenses); (iii) customary third party out-of-pocket expenses that are incurred (directly or indirectly) by the Fund, including, without limitation, legal, audit, accounting, valuation, tax and tax planning, insurance (*e.g.*, “directors and officers” or similar professional liability insurance procured for the benefit of individuals performing on behalf of the Fund, any parallel funds or portfolio investments in which the Fund invests, but not insurance policies which only benefit such individuals in their personal capacity apart from such services being provided), portfolio valuation expenses (including third party valuation and appraisal fees), all other administrative and operating expenses of the Fund including without limitation fees paid to administrators, custodians and other third parties providing administrative, accounting, back office services and/or other similar services (including, but not limited to, the acquisition or development of software or similar applications), out-of-pocket expenses associated with holding annual meetings of the Investors, any costs and expenses relating to the liquidation, termination and winding-up of the Fund, and any related documentation or filings, and other administrative expenses; (iv) costs associated with all litigation-related and other indemnification expenses or guaranty expenses, unless such litigation-related expense was brought against an indemnified person (as defined in the Governing Documents) by an entity which is an affiliate of the Fund (excluding, for the avoidance of doubt, any additional fund or feeder fund that may be established to accommodate certain category of investors (“Additional Fund”) or any parallel fund), at a time when the applicable indemnified person against whom the litigation was brought is also an entity which is an affiliate; (v) travel (at commercial airline rates) and out-of-pocket expenses associated with the offering of Interests in the Fund and the Parallel Funds; (vi) reasonable out-of-pocket expenses of the advisory committee (applicable to certain Funds); (vii) management fees; and (viii) similar expenses of any Additional Fund or parallel fund.

IT IS CRITICAL THAT INVESTORS REFER TO THE RELEVANT OFFERING AND FUND GOVERNING DOCUMENTS FOR A COMPLETE UNDERSTANDING OF APPLICABLE FEES AND EXPENSES. THE INFORMATION CONTAINED HEREIN IS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY SUCH DOCUMENTS.

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

Subject to a clawback, an affiliate of Calmwater Capital is eligible to receive performance-based compensation from Investors of certain Advisory Clients upon the distribution of investment proceeds (“**Carried Interest**”) as described in Item 5 above. Carried Interest is waived for certain Investors that are affiliated with or related to Calmwater Capital.

It should be noted that the possibility of receipt of Carried Interest by an affiliate of Calmwater Capital creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such performance-based fee. Calmwater Capital manages any potential conflict of interest by clearly disclosing the performance-based distributions in applicable Fund Governing Documents.

ITEM 7 – TYPES OF CLIENTS

Calmwater Capital provides investment advisory services as described in Item 4 above to pooled investment vehicles operating as private real estate funds.

The Funds will offer interests only to certain qualified investors who meet qualification requirements under applicable securities laws and other laws. Admission to the Funds is not open to the general public.

Calmwater Capital does not have a minimum size for a Fund. Commitment amounts from Investors of a Fund may be accepted by Calmwater Capital in the discretion of the Fund's general partner.

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

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

As described in Item 4.B, above, Calmwater Capital provides advisory services to separate accounts and private investment funds that invest in loans secured by commercial real estate properties located in the United States.

Investment Strategy

In choosing investments for the Advisory Clients, Calmwater Capital selects investments primarily in senior loans originated by Calmwater Capital that are secured typically by office, industrial, retail, multi-family and hospitality properties in the United States. While Calmwater Capital is focused on secured commercial real estate bridge lending, primarily senior loans, Calmwater Capital may also make other loan or real estate investments.

Investment Process

In selecting investments for the Advisory Clients, Calmwater Capital sources deals primarily by developing and maintaining referral networks of professionals, such as investment bankers, real estate brokers, business brokers, business consultants, investment firms, mortgage brokers and bankers, lenders, lawyers, and accountants, as well contacts in government, non-governmental organizations, international financial institutions, multinational corporations, foundations and endowments. Calmwater Capital may identify additional investment opportunities through market and industry research, trade show attendance, and proactive identification of attractive companies.

Investment decisions for the Advisory Clients are governed by an Investment Committee. A member of the Investment Committee reviews all investment opportunities prior to executing a term sheet for a prospective investment. The Investment Committee then reviews all investment opportunities prior to closing, upon completion of its due diligence. Weekly review meetings are held with the Investment Committee and all originators and underwriters to review the current deal pipeline.

The Investment Committee regularly monitors the loan portfolio, including financial performance, business trends, industry trends, and compliance with covenants and, based on its review, makes recommendations concerning enforcement of loan rights, workout and recovery strategies, approves any decision concerning valuation of an investment and any liquidity event, such as a sale or disposition of a loan or security. On a weekly basis, the Investment Committee members meet with the asset management team to review any significant portfolio activity.

MATERIAL RISKS

The Advisory Clients' investments involve the risk of loss that Investors should be prepared to bear.

Real Estate Risks Generally. Advisory Client investments will be subject to the risks inherent in the ownership and operation of real estate assets. These risks include adverse changes in national and international economic conditions, adverse local market conditions, the financial conditions of tenants, buyers and sellers of properties, changes in availability of debt financing, changes in interest rates, real estate taxes and other operating expenses, environmental laws and regulations, zoning laws and other governmental rules and fiscal policies, energy prices, changes in the relative popularity of certain property types, risks associated with operating problems related to the presence of certain construction materials, uninsurable losses and other factors which are beyond the control of Calmwater Capital.

Risks of Originating Real Estate Loans. Real estate loans originated by Calmwater Capital may become non-performing for a wide variety of reasons. Such non-performing real estate loans 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 a substantial write-down of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such real estate loan, replacement “takeout” financing will not be available. It is possible that Calmwater Capital may find it necessary or desirable to foreclose on collateral securing one or more real estate loans originated by Calmwater Capital. The foreclosure process will vary jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan, including, without limitation, lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy or its equivalent, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

Investments in Loans Secured by Real Estate. Advisory Clients will, directly or through affiliated entities, invest in loans secured by real estate and may, as a result of default, foreclosure or otherwise, hold real estate assets. Special risks associated with such investments include changes in the general economic climate or local conditions (such as an oversupply of space or a reduction in demand for space), competition based on rental rates, attractiveness and location of the properties, changes in the financial condition of tenants, and changes in operating costs. Real estate values are also affected by such factors as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing and potential liability under changing environmental and other laws. Of particular concern may be those mortgaged properties that are, or have been, the site of manufacturing, industrial or disposal activity. Such environmental risks may give rise to a diminution in the value of property (including real property securing any investment) or liability for cleanup costs or other remedial actions, which liability could exceed the value of such property or the principal balance of the related investment. In certain circumstances, a lender may choose not to foreclose on contaminated property rather than risk incurring liability for remedial actions.

Liquidity in the Market for Bank Loans. Purchasers of bank loans are predominantly commercial banks, investment funds and investment banks. As secondary market trading volumes increase, arrangers and obligors of new bank loans are frequently adopting standardized documentation to facilitate trading that should improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. No assurance can be given that Calmwater Capital will be able to sell a loan whose obligor has deteriorated in credit quality.

Financial Leverage. Calmwater Capital or an affiliate may cause an Advisory Client to employ financial leverage where practicable and appropriate (at times in the discretion of Calmwater Capital). An Advisory Client may guarantee such leverage with the commitments. There is no assurance that an Advisory Client will obtain the financial leverage it seeks. In addition, changes in market conditions may increase the costs associated with financing, and, as a result, the returns may be adversely affected. While financial leverage can potentially increase the returns of an Advisory Client, it also has the potential to magnify losses. As a result, due to the use of financial leverage described above, an Advisory Client may incur losses greater than if it had not obtained financial leverage. The assets corresponding to an Advisory Client, including any investments held by it, may be available to satisfy all liabilities and other obligations of the leverage.

Geographic Concentration. Calmwater Capital will seek investment opportunities in the United States. Due to the fact that investments will be geographically concentrated, an Advisory Client’s performance could

be adversely affected if the local or regional markets perform poorly. Regulatory risk and other key risk factors may be amplified due to general geographic concentration.

Concentration of Investments. Calmwater Capital generally seeks to maintain a diversified portfolio of investments. However, Calmwater Capital may at certain times hold relatively few investments, which could subject an Advisory Client to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected. In addition, the same result might occur if the Advisory Client's investments experience a greater than anticipated correlation. In that circumstance, Partnership positions that may have been considered diversified could be subject to significant losses due to related events or changes in investment correlation more generally.

Environmental Liabilities. An Advisory Client may be exposed to substantial risk of loss from environmental claims arising in respect of investments made with undisclosed or unknown environmental problems or as to which inadequate reserves had been established, including being liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Environmental claims with respect to a specific investment may exceed the value of such investment, and under certain circumstances, subject the other assets of the Advisory Client to such liabilities. The presence of such hazardous or toxic substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow using such property as collateral and may have a significant adverse effect on the value and returns from such property.

Interest Rate Risk. Interest rate risk refers to the change in the value of debt instruments associated with changes in interest rates. Interest rate changes may affect the value of a debt instruments directly (especially in the case of fixed rate instruments) and indirectly (especially in the case of adjustable rate instruments). In general, an increase in interest rates will negatively impact the value of fixed rate instruments and falling interest rates will have a positive effect on value. The degree to which an instrument's price will change as a result of changes in interest rates is measured by its "duration." Generally, instruments with longer maturities have a greater duration and thus are subject to greater price volatility from changes in interest rates. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other things).

Market Volatility. Even in the absence of a default with respect to a loan, due to market volatility, the market value of such loan investment at any time will vary, and may vary substantially, from the price at which such loans were initially purchased and from the principal amount of such loans. Additionally, many loans are currently trading at values that, by historic standards, would cause the loan to be considered a discount or deep discount asset. The market value of the loans will generally fluctuate with, among other things, the financial condition of the obligors of the loans, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

Repayment Risk. An Advisory Client may be dependent on a borrower's ability to obtain replacement financing or sell the underlying assets to repay its loans, which could depend on market conditions and other factors. Loans are also subject to risks of borrower defaults, bankruptcies, fraud, losses and special hazard losses that are not covered by standard hazard insurance. In the event of any default under loans made by an Advisory Client, the Advisory Client bears the risk of loss of principal and non-payment of interest and fees to the extent of any deficiency between the value of the mortgage collateral and the principal amount and unpaid interest of the loan. To the extent an Advisory Client suffers such losses with respect to any investment, the Advisory Client return may be negatively affected.

Risk of Co-Investments. To the extent permitted in accordance with the Fund Governing Documents, a Fund may make investments in which other parties may co-invest, including entities affiliated with the Fund's general partner. Any such transactions may involve conflicts of interest among the Fund, Calmwater

Capital, the Fund's general partner, and their affiliates, some or all of which may not be thought of or taken into account in reviewing and approving such transactions. In such an event, the Fund may not be in a position unilaterally to control such investments or exercise certain rights associated with such investments. In addition, if a co-investing party removes its general partner or manager, or terminates prior to the Fund's dissolution, then the ability of the Fund to exercise certain rights associated with its investments may require the cooperation of a successor general partner or other persons. Furthermore, if the Fund and co-investors have the ability to dispose of their interests in the co-investment separately, a disposition of a large position by a co-investor may depress the market value of the continuing investment of the Fund or may reduce the price available to the Fund, which may also be disposing of its investment.

Cybersecurity. Calmwater Capital, Advisory Clients' 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 Advisory Clients and their Investors, despite the efforts of Calmwater Capital and Advisory Clients' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to Advisory Clients and its Investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of Calmwater Capital, Advisory Clients' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Calmwater Capital systems to disclose sensitive information in order to gain access to Calmwater Capital data or that of the Advisory Clients' Investors. A successful penetration or circumvention of the security of the Adviser's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, 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 the Advisory Clients, Calmwater Capital, or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Force Majeure. Portfolio investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to an Advisory Client or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. These risks could, among other effects, adversely impact the cash flows available from a portfolio company, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost to a portfolio company or an Advisory Client of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on a portfolio company. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which Advisory Clients would invest. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or its assets, could result in a loss to Advisory Clients, including if the investment in such portfolio companies is canceled, unwound or acquired (which could be without adequate compensation).

IT IS CRITICAL THAT INVESTORS REFER TO THE APPLICABLE FUND DOCUMENTS FOR A COMPLETE UNDERSTANDING OF THE MATERIAL RISKS INVOLVED IN AN INVESTMENT IN THE FUNDS, INCLUDING THE RISK OF FINANCIAL LOSS. THE

INFORMATION CONTAINED HEREIN IS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY SUCH DOCUMENT.

ITEM 9 –
DISCIPLINARY INFORMATION

Calmwater Capital has no legal or disciplinary information to disclose at this time.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

David Cohen, Chairman of Calmwater Capital, is an executive of Karlin Asset Management, Inc. (“**Karlin Asset Management**”), which operates as a family office relying on the exemption from the definition of an investment adviser under the Investment Advisers Act of 1940 (the “**Advisers Act**”). Calmwater Capital and Karlin Asset Management operate independently of one another and Calmwater Capital does not conduct any business with Karlin Asset Management.

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

The general partner of each Fund is a related person of Calmwater Capital.

As described in Item 6, the affiliates of Calmwater Capital are entitled to receive performance-based profit distributions from the Funds, which may in certain circumstances create a conflict of interest.

Calmwater Capital serves as investment adviser to the Funds. Affiliates, principals and/or employees of Calmwater Capital also invest directly in the Funds.

Calmwater Capital and its personnel 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 neither be subject to an offset against any Management Fees payable to the Funds nor will otherwise be shared with Funds, Investors and/or portfolio companies. For example, airline travel or hotel stays incurred as Fund or account expenses typically result in cash rebates, “miles,” “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 Calmwater Capital and/or such personnel (and not the Funds, Investors and/or portfolio companies) even though the cost of the underlying service is borne by the Funds, Investors and/or portfolio companies.

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

Calmwater Capital's Code of Ethics (the "**Code**") is designed to meet the requirements of Rule 204A-1 under the Advisers Act. The Code applies to Calmwater Capital's "Access Persons." Access Persons include, generally, any partner, officer or director of Calmwater Capital and any employee or other supervised person of Calmwater Capital who, in relation to Advisory Clients, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public.

The Code sets forth a standard of business conduct that takes into account Calmwater Capital's status as a fiduciary and requires Access Persons to place the interests of Advisory Clients and Investors above their own interests and the interests of Calmwater Capital. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of Calmwater Capital's Chief Compliance Officer (the "**Chief Compliance Officer**"). All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide the Calmwater Capital's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, Calmwater Capital's Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

In addition, the Code seeks to ensure the protection of non-public information about the activities of the Funds. Calmwater Capital will provide the Code to Advisory Clients, prospective Advisory Clients, Investors or prospective Investors upon request. You may obtain a copy of the Code by contacting the Chief Compliance Officer at 310-806-9770.

As explained in Item 10 above, Calmwater Capital serves as investment adviser to the Funds. Calmwater Capital and certain Access Persons recommend interests in the Funds to prospective Investors.

Calmwater Capital's affiliates, principals and/or employees invest directly in the Funds. The fact that Calmwater Capital's affiliates, principals and/or employees may have a financial ownership interests in the Funds creates a potential conflict in that it could cause Calmwater Capital and its affiliates, principals and/or employees to make different investment decisions than if such parties did not have such financial ownership interests. Such potential conflicts are addressed by the personal securities transaction pre-clearance and holding requirements described in this Item 11.

Calmwater Capital addresses these potential conflicts through regular monitoring of the Funds' portfolio and investments for consistency with the Funds' objectives, strategies, and target capacity. Further, Calmwater Capital and its affiliates, principals and/or employees carefully consider the risks involved in any investments and provide extensive disclosure to clients regarding the potential risks that come with an investment in the Funds. The Code requires Access Persons to place the interests of the Advisory Clients and Investors over their own or those of Calmwater Capital, its affiliates and all Access Persons are required to acknowledge their receipt and understanding of the Code.

Further, Calmwater Capital (or its affiliate) receives management and performance-based compensation. The Management Fees are payable without regard to the overall success or income earned by the Funds

and, therefore, may create an incentive on the part of Calmwater Capital to raise or otherwise increase assets under management to a higher level than would be the case if Calmwater Capital was receiving a lower or no Management Fee. Performance-based fees may create an incentive for Calmwater Capital to make Investments that are riskier or more speculative than in the absence of such performance-based fee.

Access Persons are permitted to make securities transactions in their personal accounts. This presents potential conflicts in that an Access Person could make improper use of information regarding the Fund's holdings or future transactions or research paid for by the Funds. Calmwater Capital manages the potential conflicts of interest inherent in an Access Person's personal trading by rigorous enforcement of its Code, which contains strict pre-clearance and reporting guidelines for Access Persons. Calmwater Capital requires that Access Person's transactions in limited offerings, initial public offerings and certain reportable securities to be pre-cleared with the Chief Compliance Officer. Calmwater Capital's investment program does not generally involve investments in publicly traded securities. Because of the instruments in which Calmwater Capital's Advisory Clients trade, it is not likely that Calmwater Capital's Access Persons would trade in the same securities as its Advisory Clients.

Calmwater Capital maintains a "Restricted List" with the names of issuers of securities about which Calmwater Capital (or its Access Persons) has learned material, non-public information. Access Persons are strictly prohibited from trading on any securities to which the material, non-public information relates.

In addition, Calmwater Capital receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The Chief Compliance Officer or his designee also reviews Access Persons' personal transaction and holdings reports to make sure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

ITEM 12 – BROKERAGE PRACTICES

As described in Item 4, above, Calmwater Capital is the investment adviser to private investment funds that invest primarily in real estate loans. Due to the nature of the Advisory Clients' investment programs, Calmwater Capital does not select or recommend broker-dealers for Advisory Client transactions and does not utilize "soft dollars."

Calmwater Capital recognizes that, as a fiduciary, it has a duty to allocate investment opportunities among its Advisory Clients in a fair and equitable manner. If Calmwater Capital determines that it would be appropriate for more than one Advisory Client to participate in an investment opportunity, Calmwater Capital will seek to allocate the investment opportunity to all of the participating Advisory Clients on a fair and equitable basis. Generally, investment opportunities will be allocated pro rata based upon each participating Fund's assets under management; provided, however, that Calmwater Capital, in its sole discretion, may make allocations based upon other considerations.

ITEM 13 – REVIEW OF ACCOUNTS

Advisory Client portfolio and investments are under continuous review by Calmwater Capital's investment committee (the "**Investment Committee**"). The Investment Committee regularly monitors the loan portfolio, including financial performance, business trends, industry trends, and compliance with covenants and, based on its review, makes recommendations concerning enforcement of loan rights, workout and recovery strategies, approves any decision concerning valuation of an investment and any liquidity event, such as a sale or disposition of a loan or security. On a weekly basis, the Investment Committee members meet with the asset management team to review any significant portfolio activity.

Generally, Investors will receive unaudited reports at least quarterly. In addition, Investors will receive annual audited financial statements within 120 days of the end of the applicable Fund's fiscal year.

ITEM 14 – CLIENT REFERRALS AND COMPENSATION

Neither Calmwater Capital nor its affiliates currently use solicitors for client referrals (though such parties or their affiliates may use placement agents in the future). Although unlikely, to the extent Calmwater Capital (or its affiliates) decide to engage the services of a solicitor in the future, such referral activities will be conducted in a manner that is consistent with Advisers Act Rule 206(4)-3 and relevant SEC guidance, including No-Action Letters.

Calmwater Capital engages a placement agent in the sale of interests of the Funds, as disclosed in the applicable Fund's private placement memorandum and, in accordance with SEC guidance, the placement agent activities are not considered to be solicitation for investment advisory services.

ITEM 15 – CUSTODY

Pursuant to Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”), Calmwater Capital is deemed to have custody of the assets held by the Funds because an affiliate of Calmwater Capital serves as the general partner.

To ensure compliance with the Custody Rule, Calmwater Capital will ensure that each Fund (other than a Fund that is wholly owned by Calmwater Capital’s control persons and their family members) is subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“**PCAOB**”) and that the audited financial statements of the Fund are prepared in accordance with generally accepted accounting principles and distributed to investors within 120 days of the end of the Fund’s fiscal year. Investors should carefully review the audited financial statements of a Fund upon receipt, and should compare these statements to any account information provided by Calmwater Capital.

As Calmwater Capital’s investment program involves investments in loans, Calmwater Capital generally will be exempt from the requirement that securities be maintained with a “qualified custodian.” To the extent that Calmwater Capital holds any publicly traded securities, or securities which are otherwise ineligible for an exemption from the qualified custodian requirement of the Custody Rule, Calmwater Capital will maintain such securities with a qualified custodian in an account in the name of the Fund or in accounts that contain only funds and securities owned by the Fund.

ITEM 16 – INVESTMENT DISCRETION

Calmwater Capital has discretionary authority to manage securities accounts on behalf of the Funds. Calmwater Capital is authorized to make transaction recommendations for the Funds. Investors do not have the ability to impose limitations on the discretionary authority of Calmwater Capital. Further, Investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool.

ITEM 17 – VOTING CLIENT SECURITIES

Based upon Calmwater Capital's investment strategy of investing in loans (and lack of involvement in publicly-traded equities), it does not vote proxies. If in the future it is contemplated that Calmwater Capital may exercise voting authority with respect to any client securities, Calmwater Capital will adopt proxy policies and procedures that are consistent with Rule 206(4)-6 under the Advisers Act.

ITEM 18 – FINANCIAL INFORMATION

Calmwater Capital and its affiliates do not require or solicit prepayment of advisory fees six months in advance. Calmwater Capital is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to the Advisory Clients or Investors.