

## **Cardinal Student Housing I Advisor LLC**

**4100 East Mississippi Avenue  
Floor 15  
Denver, Colorado 80246-3048**

**Part 2A of Form ADV: Firm Brochure**

**March 30, 2020**

**This brochure (“Brochure”) provides information about the qualifications and business practices of Cardinal Student Housing I Advisor LLC (“Cardinal”). If you have any questions about the contents of this Brochure, please contact us by calling 303-407-4508 or e-mailing [john@cardinalgroupp.com](mailto:john@cardinalgroupp.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Cardinal is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Investment adviser registration does not imply a certain level of skill or training.**

**Item 2.     Material Changes**

Not applicable.

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#### **Item 4. Advisory Business**

Cardinal provides investment advisory services to pooled investment vehicles (the “**Funds**”) that are exempt from registration under the Investment Company Act of 1940 and whose securities are not registered under the Securities Act of 1933. Cardinal has been in business since 2016, and its principal owners are Del de Windt III, James Frank, Jason Luker, and Alex O’Brien<sup>1</sup>.

Cardinal identifies investment opportunities for, and participates in the acquisition, management, monitoring and disposition of investments of, each Fund (or for the ultimate master fund, where the Fund has been organized as a feeder vehicle). These investments are privately negotiated and typically take the form of real estate investments, consistent with the terms of the applicable Fund’s organizational and/or offering documents (“**Governing Documents**”).

Cardinal provides investment advisory services to each Fund pursuant to a separate investment advisory agreement with the Fund and/or pursuant to the terms of the Fund’s Governing Documents. Cardinal provides investment advice and management services directly to the applicable Fund, and not individually to the investors in the Fund.

Investment restrictions for a Fund, if any, are generally established in the Fund’s Governing Documents, which are provided to each Fund investor prior to investing in the Fund. Once invested in a Fund, investors cannot impose restrictions on the types of securities or investments in which the Fund may invest.

As of December 31, 2019, Cardinal managed approximately \$225,555,088 in investment advisory client assets, all on a non-discretionary basis.

#### **Item 5. Fees and Compensation**

##### **Management Fees**

Cardinal receives a management fee for providing investment advisory and management services to each Fund. The specific fee rate, payment terms, and other conditions of a Fund’s management fee are set forth in the Fund’s Governing Documents, side letters, and/or fee agreements. Management fees may differ from one Fund to another, as well as among investors in the same Fund, and different classes or series of interests of a Fund may pay different management fees.

Upon termination of Cardinal’s services to a Fund, appropriate treatment, including, where applicable, returning prepaid management fees on a prorated basis, will be given to all management fees collected in advance. The management fee is generally subject to waiver or

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<sup>1</sup> Alex O’Brien owns his interest in Cardinal through a holding company, O’Brien Cardinal Holdings 937 LLC.

reduction by the Fund's general partner (or equivalent) in its sole discretion, including in connection with investments made by Cardinal or its related persons.

In addition, please see Item 6 below regarding "carried interest" that each Fund may pay to an affiliate of Cardinal. Certain Fund investors may negotiate Fund terms (including management fees payable and carried interest terms) through negotiation of side letter agreements.

### **Other Fees and Expenses**

*Organizational Expenses.* Subject to its Governing Documents, each Fund typically pays or reimburses Cardinal or its general partner or manager for the Fund's organizational, offering and startup expenses. These expenses typically include legal, travel, accounting, filing, capital raising and other expenses.

*Operating Expenses.* Subject to its Governing Documents, each Fund pays (or reimburses Cardinal or its general partner or manager for all costs and expenses related to its operations ("**Operating Expenses**").

The Operating Expenses paid by a particular Fund are set forth in the Fund's Governing Documents and/or side letters, and may include, without limitation, the following fees and expenses: (i) management fees paid to Cardinal; (ii) fees, costs and expenses related to the identification, evaluation, negotiation, acquisition, due diligence, restructuring, closing, holding, monitoring and disposition of Fund investments (whether or not consummated) and other assets, including, without limitation, travel expenses, commissions or brokerage fees or similar charges and other similar third-party expenses in connection therewith; (iii) expenses related to organizing and maintaining entities, including holding companies, through or in which Fund investments are to be made; (iv) expenses of a Fund's advisory committee (or equivalent); (v) legal, auditing, consulting, administration, accounting and other professional expenses (including expenses associated with the preparation of the Fund's financial statements, tax returns and Schedule K-1s and other reporting and providing information to investors); (vi) insurance premiums related to indemnification of Cardinal and its affiliates against any liability related to investments in portfolio companies and operation of the Fund, including the cost of key-man life insurance on certain key Cardinal executives, and directors' and officers' liability insurance; (vii) all third party expenses in connection with transactions not consummated; (viii) indemnification and indemnity contributions or reimbursement obligations of the Fund as set forth in the Fund's Governing Documents; (ix) taxes or government charges; (x) principal, interest and other fees, charges and costs associated with permitted borrowing and guarantees; (xi) bank and custodial fees; (xii) costs of any investigation or proceeding involving Fund activities as set forth in the Governing Documents; and (xiii) costs and expenses for terminating, dissolving and winding up the Fund.

Although Cardinal has not historically used securities broker-dealers for transaction-related services, in the event that Cardinal chooses to use a broker-dealer for limited purposes relating to a Fund, the Fund will incur brokerage and other transaction costs.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

An affiliate of Cardinal is entitled to receive a carried interest allocation from certain Funds (which will be borne indirectly by Funds investing in those Funds paying carried interest). For the Fund's paying carried interest, the carried interest distribution is generally an amount equal to a percentage of Fund distributions paid to Fund investors (including feeder Funds) after the return of capital invested by investors.

The specific payment terms and other conditions of the carried interest distributions for each Fund are set forth in the Fund's Governing Documents or in a separate fee agreement, and may differ for investors within the same Fund.

The payment of carried interest represents performance-based compensation, and may create an incentive for Cardinal to make more speculative investments on behalf of a Fund (or the ultimate master fund, for a feeder Fund) than it might otherwise make in the absence of such performance-based compensation. The payment by Funds of carried interest at varying terms and rates (including varying effective rates based on a Fund's past performance) may create an incentive for Cardinal's personnel to disproportionately allocate time, services or functions to Funds paying carried interest at a higher rate, or allocate investment opportunities to such Funds. Generally, and except as otherwise set forth in a Fund's Governing Documents, this conflict is mitigated by (i) certain limitations on the ability of Cardinal and its affiliates to establish new funds, and (ii) Cardinal's written policies and procedures relating to allocation of investment opportunities.

## **Item 7. Types of Clients**

Cardinal currently provides investment advisory and management services to the Funds. Investment advisory and management services are provided by Cardinal directly to the applicable Fund, and not individually to the investors in the Fund.

Conditions for investing in each Fund, including minimum investment amounts and investor qualification requirements, if any, are set forth in the Fund's Governing Documents.

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

### **Methods of Analysis and Investment Strategies**

Each Fund's investment strategy and objective is outlined in its Governing Documents.

Cardinal seeks investment opportunities in value-add student housing assets in select U.S. markets. Student housing is management intensive and typically rewards scale, vertical integration, and an innovative approach to operations. The sector has relatively few institutional operators and the last upcycle saw an unprecedented amount of new, inexperienced capital investing in the space resulting in operational underperformance and buying opportunities for experienced owner/operators. Cardinal believes there is a unique opportunity to capitalize on this dislocation by purchasing a defensive portfolio of high-quality assets that generate attractive risk-adjusted returns.

## **Risks**

Investing in securities involves a substantial degree of risk, and the acquisition of interests in a Fund is highly speculative. A Fund may lose all or a substantial portion of its investments, and investors in the Funds must be prepared to bear the risk of a complete loss of their investments.

Different risks may exist with respect to investments in different Funds. The risks associated with an investment in any Fund may be impacted substantially by the nature and timing of the market. The following risk factors are those generally applicable to all Funds or their investors. These risk factors, however, do not purport to be a complete list or explanation of all risks involved with respect to an investment in a Fund, or investments made by the Funds. Each Fund's Governing Documents include a more detailed summary of the material risks and the investment strategy for that Fund, which an investor should review and consider carefully before investing.

*General Investment Risks* — The types of investments that the Fund's generally make involve a high degree of risk. In general, financial and operating risks confronting Fund investments can be significant. A loss of an investors entire investment in a Fund is possible. The timing of profit realization is also highly uncertain.

*Past Performance; No Guarantee of Future Results* — The past investment performance of the Funds or of investments made or directed by affiliates of Cardinal should not be construed as an indication of the future results of the Funds. Past performance is no assurance of future returns.

*Reliance on Cardinal* — The success of the Funds depends upon, among other things, the ability of Cardinal to develop and successfully implement strategies that achieve the Fund's investment objectives. The returns of the Funds will depend largely on the performance of its underlying investments, and could be substantially adversely affected by the unfavorable performance those investments. Moreover, subjective decisions made by Cardinal (including with respect to the utilization of leverage) may cause the Funds to incur losses or to miss profit opportunities on which they may otherwise have capitalized.

*Dependence on Key Personnel* — The Funds may rely on certain key personnel of Cardinal. The departure of any of such key personnel for any reason, including relating to compensation or other factors, or the inability of such key personnel to fulfill certain duties, may materially and adversely affect the ability of Cardinal to effectively implement the investment programs of the Funds.

*Limited Liquidity of Fund Interests* — An investment in a Fund provides limited liquidity since Fund interests are not freely transferable and are subject to the restrictions on redemption described in the Fund's Governing Documents. An investment in a Fund is suitable only for certain sophisticated investors that will not be materially impacted.

*Valuation of the Funds' Investments* — The Fund primarily invest in assets that lack a readily ascertainable market value, and the net asset values of the applicable Fund will be affected by the valuations of any such assets. Given the uncertainty inherent in the valuation of assets that lack a readily ascertainable market value, the value of such assets as reflected in the net asset value of the Fund may differ materially from the prices at which Cardinal would be able to liquidate the assets.

*Differing Arrangements with Investors; Side Letters* — The Funds and Cardinal may grant certain investors (including Cardinal employees) certain additional and/or different rights (including, without limitation, with respect to fees, minimum investment amounts and access to information) than are offered to other investors through the issuance of a new class, side letters or similar arrangements, or otherwise. As a result of such arrangements, certain investors may receive certain rights (including, but not limited to, expanded informational rights) which other investors may not receive.

*Legal, Tax and Regulatory Risks* — Cardinal and the Funds are subject to legal, tax and regulatory oversight, including by the SEC. New regulations may result in increased costs, reduced profit margins and reduced investment opportunities, all of which may negatively impact the performance of the Funds.

In addition, there may also be unanticipated and/or adverse legal, tax and regulatory changes, including changes in the interpretation or enforcement of existing laws and rules, from time to time, including requirements to provide additional information pertaining to the Funds to the Internal Revenue Service or other taxing authorities. Compliance with any new or revised laws or regulations could be difficult and expensive, and any uncertainty in respect of their implementation may result in increased taxes or other costs, reduced profit margins and reduced investment and trading opportunities, and may require a significant restructuring of the manner in which the Funds are organized, all of which may negatively impact the performance of the Funds. The U.S. Congress recently passed, and the president has recently signed, H.R. 1, which significantly reforms the Internal Revenue Code and modifies the taxation of business entities which could, when implemented, have a material effect on Fund investors. Moreover, it is possible that the U.S. federal income tax treatment currently accorded an investment in a Fund will be modified by other legislative, administrative or judicial action in



the future. The nature of additional changes in U.S. federal income tax law, if any, cannot be determined prior to enactment of any new tax legislation. However, such legislation could significantly alter the tax consequences and decrease the after-tax rate of return of investments in the Funds. Prospective investors therefore should seek, and must rely on, the advice of their own tax advisers with respect to the possible impact on their investments attributable to recent legislation, in particular H.R. 1, as well as any future proposed tax legislation or administrative or judicial action.

*Terrorism Risk* — The prevalence of terrorist attacks throughout the world could have significant adverse effects on the global economy and may exacerbate some of the general risk factors related to investing in certain strategies. The likelihood of these types of events occurring in the future cannot be predicted nor how such events may affect the Funds.

*Natural Disaster/Epidemic Risk* — Natural or environmental disasters, such as earthquakes, fires, floods, hurricanes, tsunamis and other severe weather-related phenomena generally, and widespread disease, including pandemics and epidemics, have been and can be highly disruptive to economies and markets, adversely impacting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of the Funds' investments. These disruptions could prevent the Funds from executing advantageous investment decisions in a timely manner and negatively impact the Funds' ability to achieve their investment objectives. Any such event(s) could have a significant adverse impact on the value and risk profile of the Funds.

A recent outbreak of respiratory disease caused by a novel coronavirus was first detected in Wuhan City, Hubei Province, China, and has now spread internationally, including across the United States. The virus, referred to as SARS-CoV-2, coronavirus or COVID-19, has resulted in closing borders, enhanced health screenings, healthcare service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, as well as substantial market downturns. The impact of COVID-19, and other epidemics and pandemics that may arise in the future, could affect the economies of many nations in the long term, individual real estate properties in which the Funds invest, and in general in ways that cannot necessarily be foreseen at the present time. The impact may be relatively short term or may last for an extended period of time.

*Cybersecurity* — Cardinal, the Funds and their third-party service providers are subject to cybersecurity risks. Cybersecurity risks have significantly increased in recent years, and the Funds could suffer material losses relating to cyber-attacks or other information security breaches in the future. The computer systems, software and networks of Cardinal and its third party service providers may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could have a security impact. If one or more of such events occur, this potentially could jeopardize confidential and other information of Cardinal and the Funds, or otherwise cause interruptions or malfunctions in Cardinal's or the Funds' operations or the operations of their third-party service providers. This could result in financial losses to the Funds and their investors. In addition, substantial costs may be incurred in an

attempt to prevent future cyber incidents. Cardinal has established risk management systems and business continuity plans designed to reduce the risks associated with cybersecurity. However, there is no guarantee that such efforts will succeed and the Funds could be negatively impacted as a result.

*Leverage* — If a Fund utilizes leverage, it will incur expenses, which may include, without limitation, interest charges and commitment fees, and such expenses could be significant. In addition, in the event that a Fund utilizes leverage, a lender may terminate such borrowings at any time or upon the occurrence of certain events, including, without limitation, events of default or termination events. Any such termination could materially adversely affect the Fund. The use of leverage by a Fund can also increase the volatility of the Fund's investments and the adverse impact to which the Fund's investment portfolios may be subject.

*General Risks of Real Estate Investment* — Each underlying real property held by a Fund (either directly or through other lower-tier vehicles) (each, an ***“Underlying Investment”***) is directly owned by a separate operating company, which in turn is owned by the Fund. The ability of each operating company to rent apartments and the commercial space, to timely collect rent, to pay its expenses, to meet its other obligations and to make cash distributions, will depend on factors which affect all apartment properties generally, including occupancy, rental rates and operating expenses. These in turn may be affected by national and local economic conditions; neighborhood characteristics; changes in neighborhood values; movement of business and industry away from the specific Underlying Investment; increases in real estate taxes (which might occur as a result of an increase in the tax rate and/or as a result of an increase in the assessed value of a project); imposition of additional taxes or charges by governmental bodies; increases in utility and/or insurance costs; changes in governmental rules or regulations; availability of financing; competition from other property owners; the ability of tenants to make rent payments; collection difficulties; conditions of domestic and international financial markets; acts of terrorism or war; liability for removal of hazardous substances and for the dispersal of hazardous substances; and other matters. Certain significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) generally do not decline when circumstances cause a reduction in income from the relevant Underlying Investment. Because real estate investments are relatively illiquid, the Fund's ability to vary its portfolio promptly in response to economic or other conditions is limited. The relative illiquidity of its holdings could impede the Fund's ability to respond to adverse changes in the performance of its investments. No assurances can be given that the fair market value of any Underlying Investments will not decrease in the future.

*Competition and Demand for Apartment Rentals* — The apartment rental market is highly competitive. The Underlying Investments will compete for tenants with existing apartment properties and any apartment properties developed in the future. Other residential options may also compete with the Underlying Investments. The Underlying Investments will also experience competition for real property investments from individuals, corporations and other entities engaged in real estate activities. Other properties and real estate investments may be more attractive than the Underlying Investments. The availability of possible sites for future

apartment construction may also affect vacancy and rental rates. A future increase in vacancy rates in the vicinity of any Underlying Investment could create aggressive competition for tenants, with substantial leasing concessions, including lower rental rates, being offered. While the Fund believes the Underlying Investments should attract prospective tenants, there is no assurance that the demand for apartment rentals will not change or that the Underlying Investments will be attractive to prospective tenants.

*Substantial Debt Financing* — The Underlying Investments currently have aggregate indebtedness of approximately \$284.7 million, secured by the respective Underlying Investments. The acquisition of each Underlying Investment is or will be financed to a significant extent by indebtedness, which indebtedness is secured by such Underlying Investment. If such Underlying Investment fails to generate sufficient cash flow to meet the required payments of principal and interest specific to the debt for which it provides security, or if there is a default on the mortgage for any other reason, the secured party could foreclose on such Underlying Investment, resulting in a loss to the Fund and the Company. Adverse economic conditions could cause the terms on which borrowings become available to be unfavorable. Adverse economic conditions could result in higher interest rates which could increase debt service requirements on floating rate debt and could reduce the amounts available for distribution to the Funds. To the extent that the interest rates on any existing or future financings are floating rates, increases in these rates could adversely affect the ability of an Underlying Investment to generate sufficient revenues to meet the required debt payments or to make distributions.

*Adverse Changes in General Economic Conditions* — The success of the Fund and the Operating Companies will be dependent upon the general economic conditions in the geographic areas in which the Underlying Investments are located. The Underlying Investments' continuing ability to maintain a high occupancy rate and satisfactory revenue stream will depend in part on the continuing economic success of the surrounding area, particularly the local college or university which the student tenants are attending. Adverse changes in national economic conditions, education and/or student loan regulations and policies, or in the economic conditions of the regions in which each Underlying Investment is located likely would have an adverse effect on real estate values, and the cash flow of such Underlying Investment and, accordingly, the Fund's business, income, and the Fund's ability to make distributions to its Shareholders. The general economic conditions in the geographic area in which the Underlying Investments are located are beyond the control of the Fund and Cardinal.

*Realizable Value of Underlying Investments* — The actual or realizable value of any Underlying Investment might not exceed the value of the associated acquisition debt financing (and any refinancing thereof) plus the capital contributions to the applicable operating company by the Fund. The fair market value of any Underlying Investment could subsequently decline due to economic conditions or other factors beyond the control of the applicable operating company, Fund or Cardinal. The amounts expended to acquire an Underlying Investment therefore might exceed the actual realizable value of such Underlying Investment.

*Risks of Environmental Liabilities* — Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in that real property. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of hazardous or toxic substances. The costs of investigation, removal or remediation of hazardous or toxic substances may be substantial. In addition, the presence of hazardous or toxic substances, or the failure to remedy environmental hazards properly, may adversely affect the owner's or operator's ability to sell or rent affected real property or to borrow using affected real property as collateral. Persons or entities that arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of hazardous or toxic substances at the disposal or treatment facility, whether or not that facility is owned or operated by the person arranging for the disposal or treatment of hazardous or toxic substances. In connection with the ownership, operation, management and development of any Underlying Investment, the applicable operating company may be potentially liable under these laws and may incur costs in responding to these liabilities.

*Casualty Loss and Insurance* — The operating companies carry comprehensive insurance (including rent loss insurance). The tenants primarily are college students and student residential units are particularly susceptible to hard usage (i.e., high "wear and tear"), which are usually not covered by insurance. Certain other risks also will not be (and, in some cases, are not able to be) covered by insurance. If any operating company experiences uninsured losses, operating funds may be utilized to satisfy such losses, thereby adversely affecting funds available for distribution to the Members. Should an uninsured loss or a loss in excess of insured limits occur, the Fund could lose its capital invested in the affected Underlying Investment as well as the anticipated future revenue from such Underlying Investment, while remaining obligated for any mortgage indebtedness or other financial obligations related to such Underlying Investment. In addition, the occurrence of a major casualty could result in foreclosure if insurance proceeds are insufficient or delivery of insurance proceeds is delayed, or the amount is insufficient to rebuild the affected Underlying Investment. Accordingly, an uninsured loss or a loss in excess of insured limits could adversely affect the Company.

*Other Activities of Management* — The Firm's officers and members of the Firm's Board of Directors will continue to devote time to other business and affairs outside of the Funds. Consequently, there may be conflicts of interest in allocating management time between the Company and such other activities.

*Failure to Maintain REIT Status* — Certain Cardinal-advised entities (Investment Company) currently qualify as REITs under the Code. However, no assurance can be given that an Investment Company will remain qualified as a REIT. Failure of an Investment Company in any taxable year to qualify as a REIT will render the Investment Company subject to tax on its taxable income at regular corporate rates and distributions to members of the Investment Company in any non-qualifying years will not be deductible by the Investment Company. Any such corporate tax liability could be substantial and would reduce the amount of cash available

for distribution to Shareholders. However, no assurance can be given that the Investment Company will be able to meet the complex and varied tests required to qualify as a REIT or to avoid corporate-level tax. If an Investment Company's REIT status is terminated, the Investment Company generally would not be eligible to elect REIT status again prior to the fifth taxable year following the year in which it fails to qualify under the Code as a REIT. The requirements for qualification as a REIT are extremely complex, and an Investment Company's compliance with such requirements may depend on factors that are outside of Cardinal's control or upon the resolution of legal issues for which guidance is lacking. Future legislation, new regulations, administrative interpretations or court decisions may significantly change the tax laws or the application of the tax laws with respect to qualification as a REIT. Any such change could adversely affect an Investment Company's ability to qualify as a REIT or the federal income tax consequences of such qualification. Even if an Investment Company qualifies as a REIT, the Company may be subject to federal income tax in certain circumstances.

*Changes in Tax Laws Could Adversely Affect the Cardinal-advised Entities* — Congress and to some extent the United States Department of Treasury, as well as state legislatures and regulatory authorities, could at any time adversely change the way in which a REIT and its Shareholders are taxed, by imposing additional entity-level taxes, further restricting the permissible beneficial ownership and types of assets and income of a REIT, requiring additional distributions, or changing the law in any other respect. Moreover, such changes could apply retroactively.

*Ownership Limitation May Restrict Business Combination Opportunities* — In general, in order for the specific Cardinal-advised REITs to maintain qualification as a REIT(s), not more than 50% in value of each respective Fund's outstanding Shares may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of the taxable year (other than the first taxable year) or during a proportionate part of a shorter taxable year. For the purpose of preserving its REIT qualification, The Fund's Operating Agreement generally prohibits direct or indirect ownership of more than 9.8% of the number of outstanding Common Shares or Preferred Shares by any individual (the "Ownership Limit"). The Ownership Limit could have the effect of discouraging a transaction in which holders of some, or a majority, of the Common Shares or Preferred Shares might receive a premium for such Shares over the then prevailing market price or which such holders might believe to be otherwise in their best interests. Notwithstanding the foregoing, the Board of Directors of the Company pursuant to their authority under Section 6.8(A) of the Operating Agreement, have exempted certain Persons with indirect Beneficial Ownership in the Company from the Ownership Limit.

*Not Exchange Act Reporting Companies* — The Fund and Cardinal are not required to file regular reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The absence of regular reporting may restrict the availability of information to Shareholders and prospective investors. Neither the Fund nor Cardinal have any plans to become a reporting company in the foreseeable future.

## **Item 9. Disciplinary Information**

No material items exist at this time.

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

Cardinal is owned and managed by the same persons who own and manage Cardinal Group Acquisitions LLC ("**CG Acquisitions**") and Cardinal Group Investment Management LLC ("**CGIM**"). CG Acquisitions and CGIM acquire and manage real estate investments for accredited investors, under different investment strategies and in different markets than those managed by Cardinal. Because the same management team oversees Cardinal and the related persons, a conflict of interest may be perceived around management time allocation.

Pikes Peak Series Captive Insurance Company ("**Pikes Peak**"), an affiliate of Cardinal under common control, offers landlord forced placed tenant insurance to residents of underlying Fund real estate properties ("**Underlying Investments**"). Potential conflicts of interest could arise upon claim assessments and approvals, although no such claims apply currently. The manager/sponsor of the Underlying Investments and Pikes Peak are owned by the same group, in the same proportion. The manager/sponsor's promote distribution arrangement is based upon performance of Underlying Investments. This incentive for strong performance of Underlying Investments counterbalances Pikes Peak's potential to deny future property claim assessments. Cardinal has adopted policies and procedures to identify and mitigate any risk exposure to conflicts of interest.

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

Cardinal has adopted a Code of Ethics (the "**Code**") that applies to each of Cardinal's employees, officers, and other natural persons who are subject to Cardinal's supervision and control and who (i) has access to nonpublic information regarding a Fund's purchase or sale of securities, (ii) is involved in making securities recommendations to a Fund, or (iii) who has access to recommendations to a Fund that are nonpublic (collectively, "**Covered Persons**"). The Code, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Under the Code, Covered Persons are required to comply with applicable federal securities laws, and to file certain periodic reports with Cardinal's Chief Compliance Officer. Covered Persons are also required to promptly report any violation of the Code of which they become aware.

A copy of Cardinal's Code of Ethics is available to any client or prospective client upon request by contacting Cardinal at the phone number or email address shown on the cover of this Brochure.

### **Participation or Interests in Client Transactions**

In managing conflicts of interest that may arise as a result of acting as investment adviser to the Funds, Cardinal generally will be subject to fiduciary requirements. The following are descriptions of certain conflicts of interest and potential conflicts of interest that may be associated with the financial or other interests that Cardinal may have in transactions effected by, with, or on behalf of the Funds. The conflicts described below do not purport to be a complete list or explanation of the conflicts associated with the financial or other interests Cardinal may have now or in the future.

#### *Diverse Interests of Fund Investors*

The various types of investors in and beneficiaries of the Funds, including, to the extent applicable, Cardinal and its affiliates and employees, may have conflicting investment, tax and other interests with respect to their interests in the Funds. When considering actions for or on behalf of the Funds, Cardinal will generally consider the investment objectives of the Funds, not the investment objectives of any particular investor therein or beneficiary thereof. Cardinal may make decisions, including with respect to tax matters, from time to time that may be more beneficial to one type of investor or beneficiary than another, or to Cardinal than to investors or beneficiaries unaffiliated with Cardinal. In addition, Cardinal may face certain tax risks based on positions taken by the Funds, including as a withholding agent. Cardinal reserves the right on behalf of itself and its affiliates to take actions adverse to the Funds in these circumstances, including withholding amounts to cover actual or potential tax liabilities.

#### *Cardinal's Fund Activities and Cardinal's Activities on Behalf of Other Clients*

Decisions and actions of Cardinal on behalf of the Funds may differ from those by Cardinal on behalf of other Clients. Advice given to, or investment or voting decisions made for, the Funds may compete or conflict with, affect, or differ from, advice given to, or investment or voting decisions made for, other Clients.

Cardinal (including Cardinal personnel) may invest in or alongside the Funds. The investments may be on terms more favorable than those of other Fund investors.

#### *Conflicts of Interest Associated with Cardinal's Personnel*

Cardinal's employees, officers, and other personnel may have interests and relationships that may create conflicts of interest related to their management of the Funds. Such conflicts of interest are in many cases the same as or similar to those relating to Cardinal in connection

with its management of the Funds. However, Cardinal's personnel may be subject to different and additional conflicts of interest.

#### *Conflicts of Interest Associated with Related Parties*

Cardinal related parties may provide services to Underlying Investments of the Funds. These service offerings include property management, construction management, landlord forced placed tenant insurance and marketing services. The Underlying Investments would contract with separate operating companies for each service offering, each operating company is majority-owned by the same ownership group as Cardinal. One conflict of interest may be perceived around contract pricing. This is mitigated through including pre-arranged contract terms for these material service offerings as addendums to Fund limited partnership agreements and including related party disclosures in quarterly reporting. Cardinal has adopted policies and procedures to identify and mitigate any risk exposure to conflicts of interest.

A second perceived conflict of interest may arise within the property management service offering. Cardinal Group Management Midwest, LLC ("**CGMM**") offers third party property management services. As such, Underlying Investments of the Fund (managed by CGMM) may be located in the same competitive market set as third-party managed clients of CGMM. The competition for leases within the market may perceived conflicts of interest. This conflict is mitigated in two ways: (1) staffing maintained at CGMM - Underlying Investments of the Fund are assigned a property management team separate and apart from third-party property management teams; and (2) Cardinal provides asset management services to oversee performance of Underlying Investments. This asset management team is not employed or incentivized in anyway by CGMM. Cardinal has adopted policies and procedures to identify and mitigate any risk exposure to conflicts of interest.

#### **Item 12. Brokerage Practices**

Because the Funds make private investments in real estate (or in underlying master funds that ultimately make real-estate investments), Cardinal does not invest Fund assets in publicly-traded securities. Accordingly, this item is not applicable to Cardinal.

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

##### **Oversight and Monitoring**

Each Fund's portfolio investments are monitored and reviewed by Cardinal's team of investment professionals. Each Fund's investment portfolio is generally comprised of privately offered, illiquid securities and real-estate investments, which are long-term in nature.



Accordingly, Cardinal's review of a Fund's portfolio is not directed toward a short-term decision to dispose of investments.

### **Reporting**

Fund investors will typically receive, among other things, the Fund's audited annual financial statements, quarterly reports, and annual income tax information necessary for each investor's tax returns. Additionally, Cardinal or a Fund's general partner or manager may provide additional reports to investors on the status of Fund portfolio investments, and such other information and reports as they deem appropriate.

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

A Cardinal, or a Fund's general partner or manager, may enter into arrangements with and compensate unaffiliated third parties for referring investors to the Funds. These referral arrangements will be fully disclosed to affected investors. The terms of any arrangements with such placement agents may vary, and placement agent fees may be borne by the referred investor or by the applicable Fund.

### **Item 15. Custody**

For purposes of the Investment Advisers Act of 1940, Cardinal is deemed to have custody of funds and securities held by the Funds because Cardinal or an affiliate of Cardinal serves as general partner or manager to the Fund.

Each Fund is audited 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 each Fund generally distributes its audited financial statements on an annual basis to all investors no later than 120 days after the end of the applicable Fund's fiscal year end (or 180 days after the Fund's fiscal year end in the case of a fund-of-funds).

### **Item 16. Investment Discretion**

Investment advice is provided to the Funds, subject to the direction and control of the Fund's general partner and investment committee (as applicable), and not individually to the investors in the Funds. Cardinal provides investment advisory and management services to the Funds in accordance with each such Fund's Governing Documents.

**Item 17.        Voting Client Securities**

Generally, a Fund's general partner (or equivalent) is authorized to vote securities held by the Fund, and a Fund is not able to direct the vote of its general partner. The general partners intend to vote any proxies or similar corporate actions in the best interests of the applicable Fund, taking into account such factors as it deems relevant in its sole discretion. Because the Funds make primarily private investments in real estate, it is expected that the Funds will rarely, if ever, have an opportunity to vote proxies with respect to Fund investments.

A general partner's proxy voting policies and procedures are designed to ensure that, if a material conflict of interest is identified in connection with a particular proxy vote, the vote is not improperly influenced by the conflict.

The general partners' proxy voting policies and procedures are available to current and prospective clients upon request. Clients may obtain information about how Cardinal voted any proxies for the client's account by contacting Cardinal at the phone number or email address shown on the cover of this Brochure.

**Item 18.        Financial Information**

Item 18 is not applicable to Cardinal.

**Item 19.        Requirements for State-Registered Advisers**

Item 19 is not applicable to Cardinal.