

Abacus Capital Group LLC

Item 1: Cover Page

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This Brochure provides information about the qualification and business practices of Abacus Capital Group LLC. If you have any questions about the contents of this brochure, please contact us at (212) 203-4960 or compliance@abacuscapitalgroup.com. The information in this brochure has not been approved or verified by the United States and Exchange Commission or by any state securities authority.

Abacus Capital Group LLC is registered as an investment adviser with the SEC. Registration of an investment adviser does not imply a certain level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

Additional information about Abacus Capital Group LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Abacus Capital Group, LLC (“ACG” or “Abacus”) is providing this annual update to the “Brochure” for the fiscal year ended December 31, 2020. Abacus Capital Group, LLC (“ACG” or “Abacus”) provided an other-than-annual update on May 21, 2020 in relation to its change of address to 100 Park Avenue, Suite 3500, New York, NY 10017.

Other than this and the routine formation of new investment partnerships, there are no other material changes to report from the Brochure on file with the United States Securities and Exchange Commission (“SEC”) dated March 2020, although there is an update of the Adviser’s assets under management in Item 4 and additional disclosures in Item 10.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Currently, our Brochure may be requested by contacting Mike Aidekman, the Adviser’s Chief Compliance Officer, at (646) 291-6012 or maidekman@abacuscapitalgroup.com.

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

Item 3: Table of Contents

| | |
|--|----|
| Item 1: Cover Page | 1 |
| Item 2: Material Changes | 2 |
| Item 3: Table of Contents..... | 3 |
| Item 4: Advisory Business | 4 |
| Item 5: Fees and Compensation..... | 6 |
| Item 6: Performance-Based Fees and Side-By-Side Management | 7 |
| Item 7: Types of Clients..... | 7 |
| Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss..... | 8 |
| Item 9: Disciplinary Information..... | 15 |
| Item 10: Other Financial Industry Activities and Affiliations..... | 15 |
| Item 11: Code of Ethics, Participation of Interest in Client Transactions and Personal Trading | 15 |
| Item 12: Brokerage Practices | 17 |
| Item 13: Review of Accounts..... | 19 |
| Item 14: Client Referrals and Other Compensation..... | 19 |
| Item 15: Custody | 19 |
| Item 16: Investment Discretion | 19 |
| Item 17: Voting Client Securities | 20 |
| Item 18: Financial Information..... | 20 |

Item 4: Advisory Business

Overview

Abacus was formed in 2004 to provide real estate investment management services. ACG is a limited liability company operating under the laws of the state of Nevada. Its principal owner is Benjamin Friedman. As set forth more fully below, ACG provides a variety of real estate investment management services based on the specific needs of the client and on the nature of the assets that are being acquired on the client's behalf.

Background of ACG and its Clients

ACG primarily provides real estate investment management services to institutional and individual investors through privately offered pooled investment funds ("Private Funds" or "Funds"). Each Fund is exempt from registration as an investment company pursuant to either Section 3(c)(7) or Section 3(c)(1) of the Investment Company Act of 1940, as amended (the "Investment Company Act"), as applicable to each Fund. The Private Funds may issue interests that may be structured in various forms including equity, preferred equity, mezzanine debt or any other financial structure that is consistent with the particular Fund's investment objectives. Abacus will, through a management agreement, provide acquisition, asset management and administrative services to the Funds. For purposes of this brochure, the Funds, and not the Funds' investors, are considered Abacus's clients.

The general partners of the Funds (the "General Partners"), each of which is an affiliate of Abacus, have broad discretion under the Funds' respective limited partnership agreements to manage the affairs of the Funds. Pursuant to such discretion, each of the General Partners has engaged ACG to provide asset management, acquisition, origination, and administrative services on behalf of the respective Funds. In addition, ACG is responsible for establishing an investment committee for each Fund (collectively, the "Investment Committees"), which is responsible for reviewing and approving any investments recommended by ACG. The members of the Investment Committees are all supervised persons of ACG.

In addition, ACG provides real estate investment management services with respect to individual properties that are owned through joint venture arrangements (the "Joint Venture Clients"). The Joint Venture Clients grant non-discretionary investment authority to ACG within certain limitations that are negotiated for each particular joint venture transaction.

Description of Services

ACG primarily advises on investments in the direct equity of multifamily real estate. For example, ACG is involved in acquiring, redeveloping, developing, managing and disposing of multifamily properties throughout the United States. ACG seeks to capitalize on the dislocation in the multifamily markets through its direct sourcing capabilities and to create value through its asset management and asset repositioning skills. ACG may also formulate strategies for investments in mortgage debt, mezzanine debt or publicly-traded REITs depending on the specific needs of the client. Additionally, strategies for investments in non-multifamily real estate (e.g., office, retail, etc.) may be considered.

ACG typically provides real estate investment management services throughout the life-cycle of an investment. That may include sourcing an investment opportunity, formulating investment guidelines and preparing investment plans for the structuring and implementation of potential investments, sourcing the debt and equity capital, performing due diligence, executing a tailored business strategy, asset management and financial reporting, developing exit strategies, managing sales marketing campaigns, and executing on asset sales.

Alternatively, depending on the needs of the client, ACG may provide advisory services only through the time of property acquisition. Different fee arrangements may be negotiated in these situations. In addition, ACG's advisory agreements may include limitations on the allocation of funds to certain investments (i.e., less than 25% in brand new development).

For more detail on the strategy formulations, please see Item 8, Investment Strategies and Risk of Loss, below.

General Partner Commitment

The General Partners of the Private Funds, each of which is wholly-owned by the Principals of ACG, has committed to invest a specified amount of its capital in each Private Fund as set forth in the respective Private Fund's governing documents (the "General Partner Commitment"). The General Partner Commitment is discussed further in Sections 5 and 11, below.

Wrap Fee Programs

ACG does not participate in any "wrap fee" programs.

Assets Under Management

As of December 31, 2020, ACG had \$2,844,056,459 in assets under management, including unfunded commitments of the Private Funds. \$2,844,056,459 was managed on a discretionary basis and \$0 was managed on a non-discretionary basis.

Item 5: Fees and Compensation

Fees Generally

Fees for real estate investment management services are typically negotiated on a case-by-case basis depending on the type of investment being considered and the depth of services being provided.

Private Funds: A management fee is typically paid to ACG by each Private Fund as specified in such Private Fund's governing documents. The fees and other compensation payable to ACG may vary from fund to fund, and have typically conformed with the following schedule: 0.6% - 1.5% of committed capital during the Fund's commitment period (i.e., the period during which the General Partner may call capital for new investments from limited partners) and, later, 0.6% - 1.5% of invested capital. Such fees are paid to ACG quarterly and in advance and typically deducted from the account. In the event of a termination of management services, the amount of prepaid management fees would be calculated and promptly refunded.

Joint Venture Transactions: Management Fees for Joint Venture Transactions vary from transaction to transaction, and have typically conformed with the following schedule: 0.5% of Total Acquisition Cost (defined as the purchase price of the asset plus any related costs of acquiring the asset), paid quarterly and in advance, plus 1% of Total Acquisition Cost (one-time only paid at the time of acquisition). The quarterly fees are typically paid to ACG out of the operating income generated by the particular property acquired in the Joint Venture Transaction. In the event of a termination of management services, the amount of prepaid management fees would be calculated and promptly refunded.

Performance-Based Fees

Clients that engage Abacus for services through the full life-cycle of the investment are also typically charged a performance-based fee that is paid to an Abacus affiliate, discussed more fully in Item 6, below.

General Partner Commitment

The General Partner does not pay a Management Fee or carried interest to ACG with respect to the General Partner Commitment in the Private Funds.

Other Fees or Expenses

Clients will generally be responsible for certain transaction costs other than those paid to ACG. These will likely include legal, professional, financing, title, transfer taxes, and project management costs. The Private Funds will generally bear all expenses related to their operations, including due diligence expenses, travel expenses, taxes, expenses related to the investigation of investment opportunities, expenses related to the acquisition, ownership, financing, hedging or sale of investments, fees of auditors and counsel, expenses of the Fund's Advisory Board and Investment Committee, and other extraordinary expenses.

In addition, under certain circumstances discussed more fully in Item 12, below, Clients may incur certain brokerage costs. Abacus will endeavor to minimize these costs wherever possible.

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

Clients that engage Abacus for services through the full life-cycle of the investment are typically charged a performance-based fee that is paid to an Abacus affiliate. In the case of Private Funds, such fees are paid to the Private Fund's General Partner at the appropriate payment level within such Private Fund's distribution hierarchy (*i.e.*, waterfall), which is set forth in the Private Fund's limited partnership agreement. Payment of the General Partner's carried interest will generally occur on an investment-by-investment basis after all capital contributed for such investment is returned and a specific preferred return on such investment is realized and paid to the relevant Private Fund's limited partners. In the case of Joint Venture Transactions, such fees are paid to ACP MM, LLC, the Managing Member of Abacus Capital Partners LLC, which is an affiliate of Abacus.

Performance-based fee is typically in the range of 15%-20% of profits (including cash flow from operating the asset and cash received from selling or refinancing the asset) for Private Funds and up to 50% of profits for Joint Venture Transactions, subject to certain limitations. The limitations to the performance-based fee may include preferred return hurdles or other hurdles depending on the particular client agreement.

As the majority owner of each General Partner and ACP MM, LLC, Benjamin Friedman, the President and CEO of Abacus, is entitled to receive the carried interest for each Private Fund and Joint Venture Transaction, a portion of which may be paid to other supervised persons of Abacus. This fee arrangement may create an incentive for Abacus to dedicate increased resources and allocate more profitable investment opportunities to a Private Fund or Joint Venture Transaction that pays higher fees over one that pays lower fees. Performance-based compensation may also incentivize Abacus to make more speculative investments than it would otherwise make in the absence of such performance-based compensation. Abacus has procedures designed and implemented to prevent this potential conflict from influencing the allocation of investment opportunities among clients. In particular, Abacus mitigates this conflict by subordinating the performance-based fees behind certain minimum returns to clients. In addition, Fund agreements often require Abacus to invest alongside Fund investors in amounts that are significant to Abacus principals as a further alignment of interests. Moreover, as discussed in Item 11, as a fiduciary, Abacus endeavors to place client interests ahead of its own in all investment-related decisions.

Item 7: Types of Clients

For purposes of this brochure, the Funds, and not the investors in the Funds, are considered Abacus' clients. Abacus provides real estate investment management services to the Funds, and to institutional investors and other investment groups, including financial institutions, corporations, endowments, foundations, pension funds, high net worth individuals and family offices through Joint Venture Transactions.

Each investor in a Private Fund is generally required to meet certain suitability and net worth qualifications applicable to the respective Private Fund, *i.e.*, the investor must be an "accredited investor" within the meaning of Rule 501 of Regulation D promulgated under the 1933 Act, and, with respect to Private Funds relying on Section 3(c)(7), a "qualified purchaser" as defined in Section 2(a)(51) of the 1940 Act.

There is no stated minimum account size, however the most recent Private Fund that engaged ACG's advisory services was comprised of investors committing a minimum of \$0.5 million. Each Private Fund may have a different minimum investment size subject to the sole discretion of the respective Private Fund's General Partner.

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

The investment objectives, significant investment strategies and related material risks of the Private Funds and Joint Venture Transactions are summarized below, and set forth in greater detail in each Private Fund's Confidential Private Placement Memorandum. Abacus offers a number of different strategies for direct equity investment in multifamily real estate assets. Investments in the Private Funds and Joint Venture Transactions are not guaranteed. An investment in a Private Fund or Joint Venture Transaction involves a risk of loss that an investor or Separate Account client should be prepared to bear.

Generally, the investments pursued will offer the opportunity for a value-added strategy to be implemented. Investments usually have one or more of the following characteristics:

Multifamily Strategies

Pre-Sales: Investments in forward contracts on multifamily properties that are currently under development by a third-party developer. The forward commitments often result in below-market pricing. Lease-up risk is mitigated by requiring the developer to deliver a property that is fully leased at pre-specified rental rates.

Development: Investments in joint ventures with third-party developers on new multifamily properties. Development properties are often owned by Abacus clients at cost after payment of a development fee to the third-party developer. The development risk is often mitigated through Guaranteed Maximum Price agreements and subordination of developer fees. These investments are often sold following the initial lease-up.

Rehabilitations: Investments in multifamily properties whose operations can be improved through rehabilitation of the physical property. Abacus leverages extensive industry experience and relationships with seasoned architects/engineers to formulate enhancement plans specific to each property. Separate fees are often paid to third party vendors/contractors. These investments are often sold following the realization of operational improvements.

Repositions: Investments in multifamily properties whose operations can be improved through management turnaround. Abacus leverages extensive industry experience and established relationships to source "under-managed" properties and install "best-in-class" management. Abacus then uses a hands-on approach to ensure execution of a creative and flexible business plan. These investments are often sold following the realization of operational improvements

Complex Situations: Investments in multifamily properties that are being sold due to a seller's troubled capital situation. These investments are often in properties that have stable physical and operational attributes, but are being sold for reasons that are not intrinsic to the property itself. These properties are often priced at a discount due to the seller's desire to sell.

Other Multifamily Strategies:

Abacus will also advise clients on investment strategies that involve acquiring mortgage debt or publicly-traded securities (i.e., REIT stock). These strategies would be implemented with the intention of obtaining direct ownership of the underlying real estate assets. This may include foreclosing on a borrower (in the case of a debt investment) or a “take-private” scenario (in the case of a REIT investment). Once the underlying real estate assets have been obtained, a Rehabilitation or Reposition strategy may also be implemented. These strategies may entail some additional risk as it relates to executing on a foreclosure or a “take-private.” These risks could include uncertainty as to the length of time or the costs involved in executing the strategy. In certain cases, the timing and legal costs involved in implementing these strategies may be substantial and difficult to predict.

Methods of Analysis

Abacus’s value-added strategy is research-intensive and requires the identification and detailed evaluation of properties offering a favorable risk/return profile. For each of the strategies described above, research and analysis are typically performed in-house using proprietary models. Abacus is a subscriber to certain third party real estate information services including Real Capital Analytics and Reis, Inc. The business strategies are formulated in-house but often with input from third party architects, engineers, and/or designers.

The investment strategies are derived from Abacus’s in-depth research and knowledge of real estate markets in the United States. Abacus has identified eight unique “Target Fundamentals” (both macro and micro), of which at least five must be prevalent in a given market for that market to qualify for further examination. The target fundamental screen results in a consistent, disciplined focus on identifying both target markets and opportunities within those markets.

The eight Target Fundamentals are:

1. Market Size
2. Housing Affordability Ratio
3. Job Growth
4. Strong School District
5. Pricing Relative to Replacement Cost
6. Drive-by-Visibility
7. High Barriers to Entry
8. Proximity to Employment and Services

Once these either primary or ‘up-and-coming’ markets have been filtered and selected, Abacus leverages what are largely established relationships with local developers, brokers, and owners in each of the selected markets to identify specific investment opportunities. In selecting investment properties, Abacus develops a detailed business plan which is customized to the property’s current phase in the asset life-cycle in order to most effectively capitalize on value creation opportunities. Business plans historically executed by Abacus span across the asset life-cycle and have included the strategies named in the section Multifamily Strategies, above, namely pre-sales, development, rehabilitations, repositions, and complex situations. These plans are generally intended to be

executed within 18 to 24 months of acquisition, with a target hold of three to five years. Abacus continually evaluates exit alternatives and maintains properties in sale-ready condition, both physically and economically, with an eye towards maximizing return and taking advantage of market opportunities as they present themselves.

Material Risks

The material risks associated with investments in real estate, and pursuing the investment strategies described above, include, but are not limited to:

Risks of Investing in and Financing Real Estate Developments and Redevelopments:

Investments in real estate development and redevelopment, whether through equity or debt, are subject to various risks generally incident to the real estate industry as a whole, including, but not limited to, general and local economic conditions, the supply and demand for similar-type properties, the financial resources of buyers, sellers, and tenants of properties, the possibility of competitive over-building, the perceptions of prospective buyers of the safety, convenience, and attractiveness of certain properties, changes in zoning, building, environmental, and other governmental laws, national and local rent control laws, changes in real property tax rates, changes in interest rates and availability, cost, and terms of permanent mortgage indebtedness, uninsurable losses, and other factors beyond Abacus's control. Recent developments in global financial and real estate markets and new developments in global and local markets, if they occur, may result in the reduction of the value of real property interests. In addition, the real estate development and redevelopment industry is particularly subject to risks including, but not limited to, the availability of materials and labor and changes in the costs thereof, abandonment of development and redevelopment opportunities, construction or development costs of a property exceeding original estimates, unreliability of contractors selected to develop, redevelop or construct a project, decreases in the availability of adequate land for development, curtailments of access to or unavailability of sewer, water, or other utility connections due to local moratoria, competition from other developers and sellers of existing developments, and the ability of "build to suit" tenants and buyers to fulfill their contractual obligations. Development and redevelopment activities can be subject to extensive regulation, resulting in 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 and changes in local circumstances or applicable law that may necessitate the application for additional approvals or the modification of existing approvals. Any of the foregoing could substantially adversely affect one or more investments, whether directly with respect to equity investments or indirectly with respect to the ability of an Investment to service its debt payments, thereby reducing or eliminating the return on investments for investors.

Demand for Multifamily Housing: Investments in multifamily housing in particular are subject to a number of factors affecting the demand for such housing, including, but not limited to, the national economic climate, the local economic climate (which may be adversely impacted by, for example, industry slowdowns, business or military base closings, and changing demographics), local real estate conditions (such as reduced demand for apartments or new construction, shadow market supply, and others sources of

oversupply of apartments), the perceptions of prospective residents of the safety, convenience, and attractiveness of the communities or neighborhoods in which such multifamily housing units are located and the quality of local schools and other amenities, and other factors beyond Abacus's control. A decrease in demand for multifamily housing could substantially adversely affect one or more investments, whether directly with respect to equity investments or indirectly with respect to the ability of an Investment to service its debt payments, thereby reducing or eliminating the return on investments for investors.

Additional Investment Risks: Investing in, and providing and arranging for financing with respect to, real estate development projects is subject to various risks, including, but not limited to, adverse changes in national or international economic conditions, adverse local market conditions, the financial conditions of buyers and sellers of properties, changes in availability of debt financing, changes in interest rates, real estate tax rates 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 due to dependence on cash flow, and risks and operating problems arising out of the presence of certain construction materials, as well as acts of God, uninsurable losses, and other factors which are beyond Abacus's control. The ability of an Investment to service its debt is also subject to the foregoing risks.

Global financial markets have experienced a variety of difficulties and changed economic conditions over the past several years. Several financial institutions have taken significant write downs on their assets and have laid off staff. These conditions have had significant adverse effects and may continue to have significant adverse effects on the global financial markets. In addition, many market participants have indicated that they expect further adverse developments in the future. These developments, if continued, and new developments, if they occur, could have a significant effect upon the availability and terms of financing, as well as the purchase and sale price of assets, and accordingly, could adversely affect the making or disposition of investments, the type of investment that may be made and the returns received with respect to investments.

Leverage: Each Investment may use a substantial amount of leverage, principally provided through debt facilities negotiated with Government-Sponsored Enterprises (*i.e.*, Fannie Mae and Freddie Mac) ("GSEs") and other lenders. This leverage will increase the exposure of such investments to adverse economic factors such as rising interest rates, economic downturns, or deterioration in the condition of the Investment or its corresponding market. In the event an Investment is unable to generate sufficient cash proceeds on sale to meet principal and interest payments on its indebtedness, the value of the equity investment in such Investment could be significantly reduced or even eliminated, thereby reducing the return on investments for investors.

There can be no assurance leverage can be obtained in the amounts sought or at a favorable rate or with other favorable terms, and any discussion concerning leveraged returns may be significantly affected if the projected leverage is not obtainable in accordance with the terms assumed herein.

The financial markets in the United States and elsewhere have experienced a variety of difficulties and changes in economic conditions over the past several years. These conditions could adversely impact the amount and terms of financing available, which could affect the returns generated and the ability to structure potential transactions.

Negative Effect of Fluctuating Interest Rates: Interest rates are highly sensitive to many factors, including governmental monetary, fiscal and tax policies, domestic and international economic and political considerations, and other factors beyond Abacus's control. Interest rate fluctuations may adversely affect returns. Recent economic developments have caused and may continue to cause substantial interest rate fluctuations.

Environmental: Under various federal, state, and local laws, ordinances, and regulations, an owner or operator of real property may become liable for the costs of removal or remediation of certain hazardous substances released on, about, under, or in its property. Environmental laws often impose this liability without regard to whether the owner or operator knew of, or was responsible for, the release of hazardous substances. The presence of hazardous substances, or the failure to remediate hazardous substances properly, may adversely affect the owner's ability to sell or use real estate or to borrow outside funds using real estate as collateral. Some environmental laws create a lien on contaminated property in favor of the government for costs it incurs in connection with the contamination. In addition to clean-up actions brought by governmental agencies and private parties, the presence of hazardous substances on a property may lead to claims of personal injury, property damage, or other claims by private plaintiffs. In some cases, a mortgage lender (and its participants) can also incur liability for environmental issues on a property secured by a mortgage, especially if it takes possession of such property. Environmental liabilities with respect to a specific investment may exceed the value of the investment, and under certain circumstances, subject other assets to such liabilities.

Uninsured Losses: Abacus will attempt to maintain insurance coverage against liability to third parties and property damage as is customary for similarly situated businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Insurance against certain risks, such as acts of terrorism, earthquakes, or floods, may be unavailable, available in amounts that are less than the full market value or replacement cost of underlying properties, or subject to a large deductible. There can be no assurances that the particular risks that are currently insurable will continue to be insurable on an economically affordable basis.

Financial Condition of Tenants: To the extent Abacus manages or retains developed properties, adverse changes in the operation of any property, or the financial condition of any tenant, could have an adverse effect on the ability to collect rent payments and, accordingly, on Abacus' ability to make distributions to Investors. A tenant may experience, from time to time, a downturn in its business which may weaken its financial condition and result in its failure to make rental payments when due. The financial condition of tenants is subject to adverse changes in national or international economic conditions and local market conditions. Under current economic conditions, the financial conditions of tenants may change rapidly and be difficult to evaluate accurately. At any time, a tenant may seek the protection of applicable bankruptcy or insolvency laws, which

could result in the rejection and termination of such tenant's lease or other adverse consequences and thereby cause a reduction in the distributable cash flow. No assurance can be given that tenants will not file for bankruptcy protection or otherwise avail themselves of debtor protection laws in the future or, if they do, that their leases will continue in effect.

Government-Sponsored Enterprises. Abacus expects favorable financing from GSEs to be a key component in the execution of the business plan for the assets of the Private Funds. There is a risk that restructuring of the GSEs could limit or eliminate the availability of this financing. While Abacus believes this risk is mitigated by the availability of non-GSE financing in the multifamily sector, there can be no assurance that a restructuring of the GSEs would not adversely affect the Private Funds' investments and the investors' investments in the Private Funds.

Valuation. The Private Funds' portfolios contain numerous illiquid, subordinate, non-traded, or lightly traded investments for which a traditional fair market value may be difficult and expensive, if not impossible, to determine. Therefore, private equity funds, like the Private Funds, customarily use discounted cash-flow value as a surrogate for traditional fair market value calculations. Fair value estimates involve calculations of expected future cash flows, the timing of receipt of those expected cash flows, and the discount rate applied to the overall cash flows. The fair value of a Private Fund asset includes unrealized gains and losses, and may be adjusted by any cash distributed or contributed to the Private Funds or to reflect any permanent impairments to the asset values as determined by Abacus. Therefore, the fair value of assets may vary from actual amounts realized upon the disposition of those assets. There can be no assurances that the fair value determinations, or the assumptions used to make those determinations, will prove to be accurate. The Private Funds may rely on valuations they receive from third parties in determining the price paid for assets. Such valuations may turn out to be inaccurate and therefore affect the Private Funds' returns with respect to such assets. There can be no certainty that the price paid for an asset by a Private Fund will be equal to or less than the determined fair value, and as such, this may have an impact on the fair value as it is calculated on a discounted cash-flow, rather than a price-paid, basis.

Regulatory Risks. There is no assurance that the investments of the Private Funds will be able to: (i) obtain all required regulatory approvals not yet acquired, or that may need to be acquired in the future; (ii) obtain any necessary modifications to existing regulatory approvals; or (iii) maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay or failure to satisfy any regulatory conditions or other applicable requirements could impede the development of real estate assets, delay the completion of a previously announced acquisition or sale to third parties, or otherwise result in additional costs to an investment, and in turn the Private Funds.

Also, investing in a Private Fund is subject to certain additional risks, including but not limited to the following:

Reliance on the General Partner and Abacus: Each Fund will be managed exclusively by the General Partner and Abacus, and Limited Partners will not be able to make any management, investment, or other decisions on behalf of the Fund. In addition, the General Partner or Abacus may have limited personnel and may not yet have identified or hired all the personnel who will be employed in connection with the Funds. Should one or more of the General Partner's or Abacus' personnel become incapacitated or in some way cease to participate in the management of the Funds, the Funds' performance could be adversely affected.

Risk of Limited Number of Investments: The Funds may participate in a limited number of investments and, as a consequence, the aggregate return of the Fund may be substantially adversely affected by the unfavorable performance of even a single Investment. In addition, the diversification of the Funds' investments will be further limited as capital will be employed in a limited number of strategies and a limited number of transactions.

Lack of Liquidity of Investments: It is unlikely that there will be a public market for the investments held by the Funds. The Funds generally will not be able to sell its equity investments publicly unless their sale is registered under applicable federal and state securities laws, or unless an exemption from such registration requirements is available, and may or may not be able to monetize its debt investments. In addition, other types of financial instrument investments held by the Funds may be such that they require a substantial length of time to liquidate. In the event the Funds are subject to a capital call in an Investment at a time in which the Funds do not have sufficient cash assets to cover such call, the Funds may have to liquidate certain other investments at less than their expected returns, thereby resulting in lower realized proceeds to the Funds.

No Registration: The offering of interests in the Funds will not be registered under the Securities Act of 1933, as amended, or the securities laws of any jurisdiction. None of the Funds will be registered under the Investment Company Act. Accordingly, the protections available from these laws will not generally be available.

Taxation. Investments in real estate and real estate-related assets may be subject to numerous taxes, fees, and duties by the jurisdiction in which such assets reside or operate. Each investor in a Private Fund will be taxed on the income of the Private Fund regardless of whether the investor receives any actual cash distributions, and an investor's tax liability associated with an investment in the Private Fund for a certain taxable year may exceed the cash distributions during the taxable year. The investments of the Private Funds are structured according to certain tax-planning strategies. If such a structure fails to operate as intended, it could expose the Private Funds to unexpected taxation that may reduce the returns of the Private Funds. Under certain circumstances, these tax liabilities could be incurred by the limited partners of the Private Funds directly. In addition, future changes in the tax laws affecting the Private Funds' assets and investors could have a material impact on the returns of the Private Funds.

Item 9: Disciplinary Information

There are no legal or disciplinary events that would be material to a client's or prospective client's evaluation of Abacus' advisory business or the integrity of Abacus' management persons, including supervised persons.

Item 10: Other Financial Industry Activities and Affiliations

Neither Abacus nor any of its management persons is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO") or commodity trading advisor ("CTA"). In addition, neither Abacus nor any of its management persons is an associated person of an FCM or a CPO or CTA.

In its capacity as General Partner or Managing Member of certain Funds, Abacus, or an affiliate, holds a nominal investment in such Funds and therefore may be viewed as having an incentive to favor such Funds. Specifically, an Abacus affiliate often will serve as the General Partner of a Private Fund that Abacus advises, such that:

- Benjamin Friedman is the managing member of Abacore I GP LLC, which is the general partner of Abacus Core Income Fund I LP, a Private Fund advised by Abacus.
- Benjamin Friedman is the managing member of AMFP III GP LLC, which is the general partner of Abacus Multi-Family Partners III LP, a Private Fund advised by Abacus.
- Benjamin Friedman is the managing member of AMFP IV GP LLC, which is the general partner of Abacus Multi-Family Partners IV LP, a Private Fund advised by Abacus.
- Benjamin Friedman is the managing member of AMFP V GP LLC, which is the general partner of Abacus Multi-Family Partners V LP, a Private Fund advised by Abacus.
- Benjamin Friedman is the managing member of OAMA GP LLC, which is the general partner of Oregon Abacus Multifamily Associates LP, a Private Fund advised by Abacus.

As discussed in Items 6 and 11, Abacus has adopted controls that are intended to help ensure that no clients are favored over others.

Abacus does not have any arrangement in which it is compensated for recommending or selecting other investment advisers for the Funds or Joint Venture Transactions, nor does Abacus have any other business relationship with an investment adviser that would create a material conflict of interest with respect to Abacus's management of the Funds or Joint Venture Transactions.

Item 11: Code of Ethics, Participation of Interest in Client Transactions and Personal Trading**Code of Ethics**

Abacus has adopted a Code of Ethics ("Code") pursuant to Rule 204A-1 under the Advisers Act. The Code includes guidelines about the appropriate use of company-related information,

appropriate relationships with clients and vendors, and the appropriate behavior for gifts offered or received. All Abacus employees must accept in writing the terms of the Code upon employment, annually, and as amended.

The Code states that Abacus personnel must always place the interests of Abacus's clients first. The Code sets forth standards of conduct expected of Abacus's personnel, which reflect the fiduciary obligations of Abacus and its personnel to its clients, and requires Abacus's personnel to comply with applicable federal securities laws. The Code also requires any employee of Abacus to report potential violations of the Code promptly to the Chief Compliance Officer ("CCO"). Abacus provides each employee with a copy of the Code and any amendments thereto, and employees are required to provide a written acknowledgement that they have received the Code, as amended from time to time.

The Code addresses conflicts that could arise from personal securities trading by Abacus's "access persons" – i.e., the officers, directors and employees of Abacus:

- who have access to material nonpublic information regarding any client's purchase or sale of securities, or material nonpublic information regarding the portfolio holdings of any clients; or
- who are involved in making securities recommendations to clients or have access to such recommendations that are nonpublic.

The Code generally requires access persons to submit an annual report of brokerage accounts and holdings along with an annual acknowledgement and certification stating that the individual will comply with the Code. In addition, the Code requires personnel to submit quarterly transaction reports (or brokerage statements) that detail the individual's securities transactions for the quarter, and for the CCO to review those reports. The Code also contains restrictions on the use of insider information and material non-public information regarding a client of Abacus.

Abacus keeps records of reports and other information that access persons are required to provide under the Code. The CCO reports on issues that arise under the Code to Abacus's senior management at least annually. Abacus's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the firm's Chief Compliance Officer by telephone at (646) 291-6012 or by email at maidekman@abacuscapitalgroup.com.

Participation or Interest in Client Transactions

Abacus affiliates serve as the General Partners of the Private Funds that Abacus advises, and invest in such Private Funds pursuant to their General Partner Commitments. Such investments are designed to align the interests of Abacus personnel with those of its clients, the Private Funds. These arrangements do, however, also present potential conflicts of interest. For example, principals of Abacus may have an incentive to recommend the acquisition or disposition of assets based on their personal interests rather than the best interests of the applicable Private Fund. Abacus has implemented policies and procedures, including the Code, that are reasonably designed to help mitigate these potential conflicts and ensure that Abacus personnel act in the best interests of Abacus' clients at all times.

Other than described above, neither Abacus nor a related person recommends to clients, or buys or sells for client accounts, securities in which Abacus or such related person has a material financial interest. In addition, neither Abacus nor a related person invests in the same securities (or related securities, such as warrants, options or futures) that Abacus or a related person recommends to clients. Finally, neither Abacus nor a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that Abacus or such related person buys or sells the same securities for Abacus's own (or the related person's own) account.

Trade Aggregation and Allocation

Abacus is organized such that investments are typically made for a single investment vehicle at a time. The Fund agreements typically require Abacus professionals to allocate a substantial majority of their time to that singular Fund until the Fund is almost fully invested. Therefore, aggregation and allocation issues do not normally arise. In the case where multiple Funds have investment capacity at the same time, a new investment would be allocated to a certain Fund based first on an evaluation of which Fund would best meet its investment objectives by acquiring the new investment, then by seniority, as determined by the Investment Committee.

Item 12: Brokerage Practices

Abacus seeks to obtain best price and execution for all transactions made on behalf of its clients, to trade assets in a manner that is fair to all clients, and to exercise diligence and care throughout the transaction process. Abacus engages real estate brokers to assist in property acquisitions and dispositions. It is the real estate industry custom that real estate brokers are selected and compensated by the property seller. Therefore, Abacus's real estate broker selection process is typically only implemented on dispositions. In those cases, Abacus will solicit opinions of value from multiple local real estate brokers (minimum of three) and will request proposals for the sales marketing campaigns from each. Abacus will select the real estate broker most appropriate for the particular transaction after considering cost, experience, depth of contacts, and likelihood of execution. The real estate broker commissions are typically based on a percentage of the executed sale price. These real estate brokerage fees are borne by the Funds, not directly by Abacus. Abacus does not permit clients to direct brokerage, nor does Abacus routinely recommend, request or require that a client direct Abacus to execute transactions through specified real estate broker-dealers.

The sales transactions for which real estate brokers are engaged are typically one-time, independent transactions. No other compensation is typically offered or expected. The nature of the real estate transactions to which Abacus is typically a party tend to be singular or very low volume.

In addition, Abacus may sometimes engage a mortgage broker to facilitate mortgage debt procurement. The mortgage broker selection process is similar to the real estate broker selection process described above. Abacus will solicit proposals from multiple mortgage brokers and make a selection based on the best likely execution (in terms of mortgage proceeds, rate, and any other pertinent factors). Mortgage brokers receive commissions that are typically based on a percentage of the mortgage proceeds. These brokerage fees are borne by the Funds, not directly by Abacus.

Abacus does not receive any soft dollar benefits. In selecting brokers, Abacus does not consider whether Abacus or a related person receives client referrals from a broker or third party, as Abacus does not receive any such referrals.

Abacus occasionally will engage local property management companies to assist in the due diligence process for certain acquisitions that it is considering. In these cases, the property management company may offer this service as part of an effort to “win” the property management contract should Abacus execute on the acquisition. In order to avoid a conflict of interest and to avoid the appearance of soft dollar benefits, Abacus will require the property management company to invoice Abacus directly for employee time spent in this capacity.

On occasion, Abacus may recommend the purchase of securities for which there is a more liquid market or provide strategic or other related advice with respect to the sale of such securities. In such circumstances, Abacus, which is responsible for the execution of trades, will seek to execute the transaction with the broker-dealer that provides best price and execution of such transaction under the circumstances.

In seeking best execution of securities transactions, Abacus will consider a variety of factors, including:

- (i) the ability of a counterparty to present the applicable Private Fund with a transaction that meets its investment goals;
- (ii) the credit availability of the applicable Private Fund with the counterparty;
- (iii) the financing terms (if any) that the counterparty is willing to provide to the Private Funds in connection with the acquisition of the investment;
- (iv) the reliability, integrity, financial condition and execution capability of the counterparty being considered for effecting transactions in light of the size and complexity of the transaction;
- (v) the price or spread;
- (vi) the commission rates, if any;
- (vii) the ability of the broker-dealer to maintain confidentiality of a transaction;
- (viii) the speed of execution; and
- (ix) settlement reliability and accuracy of the broker-dealer.

Although Abacus generally seeks to pay the best price under the circumstances, it will not necessarily always do so. Transactions may involve specialized services or considerations (such as the type of assets the Private Fund is seeking to purchase or the availability of financing opportunities to the applicable Private Fund) that must be considered when selecting a counterparty and thereby entail higher markups or commissions than would be the case with transactions that do not involve any specialized services or considerations.

Item 13: Review of Accounts

Abacus reviews property investments on a continuous basis to ensure appropriate operating performance and also for hold/sell evaluations. In-house accounting, asset management, and Investment Committee members meet weekly to discuss asset performance and strategy. Property-level financial performance is reviewed in “mini-audits” that are conducted at least monthly and property-level operating performance (traffic and leasing) is reviewed daily. In addition, Abacus’s asset management team members will conduct property visits at least once per quarter and are instrumental in preparing property-level budgets.

Property valuations are reviewed periodically and are subject to third-party appraisals at least semi-annually.

Abacus issues written reporting packages quarterly to all clients and Fund investors. Such reporting packages include Fund balance sheets, income statements, cash flow statements, and written commentary about each asset’s market and operating highlights from the most recent quarter. In addition, Fund investors receive audited financial statements within 120 days after the Fund’s fiscal year end. Additional reporting can be made available upon request. Abacus also holds annual meetings for Fund investors and often meets with investors on a more frequent basis.

Item 14: Client Referrals and Other Compensation

Abacus does not receive economic benefits from a non-client for providing investment advice or other advisory services to its clients. Abacus and its related persons do not directly or indirectly compensate any third parties for client referrals.

Item 15: Custody

Abacus has custody of the assets of the Funds. The Funds and their investors receive annual audited financial statements from the Funds’ auditor. Client should carefully review the audited financial statements.

Item 16: Investment Discretion

Abacus accepts discretionary authority to manage the assets in the Private Funds, including discretionary authority to buy and sell investments on behalf of the Private Funds and to determine the amount of such investments to be bought and sold. This discretionary authority is generally granted to Abacus pursuant to its management agreements with the Funds and the Private Fund’s governing documents. Abacus observes investment limitations and restrictions that are outlined in each Private Fund’s Confidential Private Placement Memorandum and management agreement. Such limitations often include allocation restrictions pertaining to certain types of investments (e.g., a percentage limitation on investments in brand new developments.)

Abacus also accepts non-discretionary authority to manage the assets of each Joint Venture Transactions pursuant to an Advisory Agreement. Joint Venture Clients may place limitations on this authority, including by imposing concentration limits and restrictions on the securities of particular issuers or industries.

Item 17: Voting Client Securities

Abacus does not typically invest in securities that carry proxy voting rights. Consequently, this Item is not applicable.

Item 18: Financial Information

Abacus does not require or solicit prepayment of fees six or more months in advance. Abacus has never filed for bankruptcy and is not aware of any financial condition that is expected to affect or is reasonably likely to impair its ability to meet its contractual obligations to its clients.