

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

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**March 2021**

This brochure provides information about the qualifications and business practices of Century Bridge Partners Management, LLC (“CBPM” or “Adviser”). If you have any questions about the contents of this brochure, please contact us at (214) 270-2121. 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 CBPM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Century Bridge Partners Management, LLC is providing this brochure (the “Brochure”) as part of its 2021 Form ADV Annual Amendment. There were no material changes to report in this Brochure since CBPM filed its last annual amendment update in March 2020. However, this version of the Brochure contains two minor changes, the Adviser updated its assets in Item 4, and the Adviser provided additional disclosures in Item 8.

Future Disclosure Brochure filings will address “material changes” since the date of this filing concerning CBPM which will either be delivered, or offered for delivery, to clients. A copy may also be downloaded from the SEC’s website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **IMPORTANT NOTE ABOUT THIS DISCLOSURE BROCHURE**

*This Disclosure Brochure is not:*

- *an offer or agreement to provide advisory services to any person*
- *an offer to sell interests (or a solicitation of an offer to purchase interests) in any Issuer*
- *a complete discussion of the features, risks or conflicts associated with any Issuer*

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), CBPM provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in an Issuer, together with other relevant governing documents, such as the Issuer’s offering circular, prior to, or in connection with, such persons’ investment in the Issuer.

Although this publicly available Brochure describes investment advisory services and products of the Adviser, persons who receive this Brochure (whether or not from the Adviser) should be aware that it is designed solely to provide information about the Adviser as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant governing documents. More complete information about each Issuer is included in relevant governing documents. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall govern and control.

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## **Item 4 – Advisory Business**

CBPM was established in 2005 and was registered with the SEC in 2012 as a registered investment adviser. CBPM provides investment advisory services on a discretionary basis to Century Bridge Real Estate Fund II, L.P. (“CBCF” or the “Fund”). The Fund is engaged in investments in real estate and real estate-related assets in China. The Fund is a private fund in which institutions and high net-worth individuals may participate as investors. Affiliates of CBPM and Century Bridge China GP II, Ltd. are Cayman Islands exempted limited companies (each a “General Partner” and collectively “General Partners”) acts as general partner of the Fund. The General Partners are registered with the SEC by way of and in reliance upon the registration of CBPM. CBPM and the General Partners are filing a single form ADV based upon the SEC’s expressed position in the American Bar Association No-Action Letter published on January 18, 2012. Keith Tom, LLC directly holds an 89% membership interest in CBPM. 77% of Keith Tom, LLC is held by Evelyn Capital, LLC (“Evelyn Capital”). 100% of Evelyn Capital is held by the Evelyn 2003 Trust, a grantor trust for which Keith Tucker (our Chairman) and Laura Tucker (Mr. Tucker’s wife) are grantors.

CBPM presently provides investment advice only to the Fund and, as such, does not tailor its advisory services or investment objectives or strategies to the requests or needs of individual investors in the Fund, nor does it accept underlying investment restrictions from individual investors in the Fund unless documented in a side letter agreement that is agreed to by the General Partners and which would, by its nature, become generally applicable to the Fund. The Fund’s private placement memorandum lays out the investment strategy and guidelines, including any restrictions and the ability to vary therefrom, and CBPM then seeks to locate assets for the Fund that are within such guidelines and consistent with the overall portfolio needs of the Fund. For more detailed information regarding such restrictions, please refer to the Fund’s current private placement memorandum.

As of December 31, 2020, CBPM had \$37,100,000 million in client assets under management. Currently, 100% of such assets are managed on a discretionary basis.

For purposes of calculating this amount, CBPM included all unfunded capital commitments to the Fund. While the investment guidelines for the Fund require the approval of its advisory committee in certain circumstances before consummating an investment, because such approval is required only in limited circumstances, the assets of the Fund have been included within discretionary assets.

## **Item 5 – Fees and Compensation**

Below is a discussion of how CBPM is compensated in connection with providing advisory services to a Fund.

CBPM receives annual fees from the Fund generally up to 2% of capital commitments during the commitment period (the “Management Fee”). The Management Fee will be payable in equal quarterly installments in advance of the beginning of each calendar quarter from drawdowns of the limited partners’ unfunded commitments. The General Partner and CBPM will receive the Management Fee and Other Fees (as discussed below), and will pay all of their own operating

and overhead costs and expenses, including salaries, benefits and rent. The precise amount of, and the manner and calculation of, the Management Fee for the Fund is governed and disclosed in the Fund's confidential offering memorandum, agreement of limited partnership, and similar constituent governing legal documents (collectively the "Offering Documents").

In terms of performance-based fees, 20% of the Fund's net investment proceeds are allocated to the capital account of an affiliate of CBPM as "carried interest." Carried interest will be subject to certain adjustments and reserves as stated in more detail in the Fund's Offering Documents.

CBPM and its affiliates directly deducts all applicable fees from the Fund's assets. Management Fees are typically funded with capital contributions drawn for such purpose, but may also be funded with or withheld from proceeds from investments. Carried interest distributions generally will be distributed to CBPM's affiliate from time to time upon the disposition of investments by a Fund and are distributed to such affiliate in accordance with the terms of the Offering Documents.

As stated above, the General Partner and CBPM will receive the Management Fees and Other Fees, and will pay all of their own operating and overhead costs and expenses, including salaries, benefits and rent.

CBPM and its affiliates may enter into arrangements providing for the payment by projects or portfolio companies to CBPM and its affiliates of transaction fees, organizational fees, director fees, monitoring fees or certain other fees ("Other Fees"), in connection with the purchase, monitoring or disposition of investments or from unconsummated transactions. Such Other Fees will be for the account of CBPM and its affiliates, as applicable, and not the Fund. All directors' and monitoring fees included in Other Fees will be applied to reduce subsequent installments of the Management Fee. Except as set forth in the Fund's Offering Documents, all other fees included in Other Fees will first be applied to reimburse CBPM for its out-of-pocket expenses incurred in connection with the transaction giving rise to such fees. 60.0% of the balance, if any, of such fees will be applied to reduce subsequent installments of the Management Fee.

CBCF will pay all offering and organizational expenses incurred in the organization of CBCF and the General Partner, including taxes, accounting, legal, travel expenses and all costs associated with the start-up of operations of CBCF and the General Partner, and all brokerage fees, placement fees, and commissions related to the sale of Interests in CBCF. CBCF reimbursed the General Partner on the Initial Closing Date and will reimburse the General Partner on each Subsequent Closing for any such expenses paid by the General Partner. The sum of (i) organizational and offering expenses in excess of \$1.5 million, and (ii) all brokerage fees, placement fees, and commissions related to the sale of Interests in CBCF will reduce the amount of future Management Fees payable to the Manager on a dollar for dollar basis.

For more detailed information and a complete description regarding the Fund's fees and expenses please refer to the Fund's Offering Documents.

As stated above, Management Fees are payable quarterly in advance. CBPM will refund any pre-paid Management Fee by a Fund if the advisory contract with such Fund is terminated before the end of the billing period. Management Fee refunds are calculated on a pro-rata basis to the

limited partners.

Neither CBPM nor any of its supervised persons receives any compensation from the sale of securities or other investment products.

### **Item 6 – Performance-Based Fees and Side-by-Side Management**

As described above, CBPM and its affiliates have entered into a performance fee arrangement with the Fund. The performance fee payable to the General Partner may create an incentive for CBPM to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. CBPM does not advise any clients that do not pay both a performance-based fee and an asset-based fee, as described above.

### **Item 7 – Types of Clients**

CBPM's services are provided to the Fund, in which institutional investors and high net-worth individuals may participate. The Fund has a minimum commitment of \$5 million unless the General Partner, in its sole discretion, accepts a lesser amount.

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

CBPM advises CBCF with respect to investment in real estate and related assets. These investments are expected to consist primarily of joint ventures with regional Chinese residential real estate developers to invest in build-to-sell, middle-income, residential real estate projects in China's Tier II cities. Investments may also include selective investments in privately held, regional real estate operating companies.

CBPM's analysis methods, sources of information and investment strategies are consistent with the analysis methods, sources of information and investment strategies commonly used by institutional investors specializing in real estate investments (e.g., leveraging relationships with developers, analyzing target markets at various market levels and analyzing estimated future cash flows of properties and other relevant information).

Investing in securities involves risk of loss that clients should be prepared to bear, *including the risk of loss of the entire investment*.

#### ***Material Risk of Significant Investment Strategies***

**Unspecified Use of Proceeds.** Persons who invest in the Fund will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by CBCF and, accordingly, will be dependent upon the judgment and ability of the General Partner and CBPM in investing and managing the capital of CBCF. No assurance can be given that CBCF will be successful in obtaining suitable investments, or that if suitable investments are made (as determined by the General Partner), that the objectives of CBCF will be achieved.

**Competitive Market for Investment Opportunities.** The activity of identifying, completing and realizing attractive real estate investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that CBPM will be able to identify and consummate a sufficient number of investments to permit CBCF to invest all of its capital, to diversify its investments to the extent anticipated, or to meet CBCF's return objectives. CBCF will face significant competition not only for investment opportunities but also for experienced investment professionals, skilled contractors, real estate management and real estate service companies, which could adversely affect CBCF's operations.

**Lack of Diversification.** Since CBCF may only make a limited number of investments, and since CBCF's investments generally will involve a high degree of risk, poor performance by a few of the investments or even one investment could severely affect the total returns to the partners. There is no guarantee that portfolio investments will be geographically diversified within China, so even localized downturns or disruptions in the market could have significant adverse consequences for CBCF's portfolio.

**Leverage.** CBPM may utilize leverage in connection with CBCF's investments in accordance with CBCF's governing documents. Although CBPM will seek to use leverage in a manner it believes is prudent, such leverage will increase the exposure of an investment to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the investment. CBCF will also be subject to the risk that it will not have sufficient cash flow to meet required debt or other payments, or that it will not be able to refinance indebtedness on attractive terms, or at all.

**Joint-Venture Arrangements and Non-Controlling Investments.** CBPM expects that most of CBCF's investments will be made through joint ventures in which CBCF will not be the majority owner or controlling party. The investment by CBCF in a joint venture may under certain circumstances involve risks not otherwise present. For example, there is a possibility that CBCF's co-venturer in an investment could become bankrupt or insolvent, have economic or business interests or goals that are inconsistent with the business interests of CBCF, or take actions contrary to the instructions or requests of CBCF or contrary to CBCF's policies or objectives. In addition, CBPM's ability to successfully enhance an investment of CBCF, whether through operational improvements or otherwise, could be limited with respect to projects not controlled by CBCF. It is anticipated that CBCF will have limited control over such joint ventures and as such, will have little control over the timing and development of projects after they have been approved by the applicable joint venture.

**Intermediary Risks.** It is possible that certain of CBCF's transactions may be undertaken through local brokers, banks or other organizations, and CBCF would be subject to the risk of default, insolvency or fraud of such organizations. There can be no assurance that any money advanced to such organizations will be repaid or that CBCF would have any recourse in the event of default. The collection, transfer and deposit of bearer securities and cash expose CBCF to a variety of risks including theft, loss and destruction. CBCF will also be dependent upon the general soundness of banking systems and other infrastructure. These risks may be more significant in China than in other more developed countries with more sophisticated regulatory systems.

**Risks Upon Disposition of Investments.** In connection with the disposition of an investment, CBCF may be required to make representations and warranties about such investment, or may be

responsible for the contents of disclosure documents under applicable securities laws. CBCF may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities of CBCF, which could be significant.

**Difficulty Valuing CBCF's Investments.** CBCF's investments in many cases will be difficult to value due to various factors, including absence of readily ascertainable market values and limited sources of useful valuation information. In addition, the appraised value of an asset may not always be consistent with, and therefore may be higher or lower than the price at which the asset could be sold on any particular appraisal date. Although CBPM may rely on appraisals of the assets, there can be no assurance that the appraisals will in fact represent the actual value of the assets. Valuation uncertainties may be greater with regard to the Chinese market compared with other more sophisticated and transparent markets.

### ***Risks Associated with Real Estate Investments Generally***

**General Real Estate Risks.** CBCF's investments will be subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include, but are not limited to, the burdens of ownership of real property; general and local economic conditions; the supply and demand for properties; changes in building, environmental and other laws and/or regulations; changes in real property tax rates; changes in interest rates and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable; environmental liabilities; contingent liabilities on disposition of assets; uninsured or uninsurable casualties; acts of God; terrorist attacks and war and other factors which are beyond the control of CBCF.

Investments in the form of real property owned by CBCF will incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property, coordinating and maintaining any improvements to such property and ultimately disposing of such property.

**Adverse Real Estate Market Conditions.** If the value of CBCF's investments declines during an economic slowdown or recession, CBCF's ability to use equity to support additional borrowings could diminish and the likelihood of delinquencies, foreclosures and losses could increase. In addition, CBCF's focus on the real estate sector may increase the volatility of CBCF's returns and expose CBCF to the risk of downturns in the real estate sector to a greater extent than if its portfolio also covered other sectors of the economy.

**Significant Expenditures Associated with Each Investment.** Each real estate investment made by CBCF may be subject to a significant number of expenditures including, but not limited to, financing payments, closing cost, insurance costs, real estate taxes, and regulatory and administrative fees. In some instances, these expenditures may be quite costly for CBCF and may make it difficult for CBCF to realize a profitable rate of return on certain of its investments.

**Development of Real Estate Properties.** CBCF likely will acquire, typically in partnership with third parties, direct or indirect interests in undeveloped land or underdeveloped real property, which may not produce income for a long period of time. Such activities require a long-term commitment and carry potentially substantial risks with no certainty of return. In addition, such

developments and projects probably will require substantial capital resources and probably will be completed over a substantial period of time during which no revenue is likely to be generated. These activities will be subject to the risks related to development activities, including, but not limited to, the following: risks related to the availability and timely receipt of zoning and other regulatory approvals; risks relating to the cost and timely completion of construction (including risks beyond the control of CBCF, such as weather or labor conditions or material shortages); and the availability of financing and other risks relating to the financing of the development. Any of these could increase the cost or delay or prevent completion of a project and could result in a loss of revenues or investment value. Furthermore, there can be no assurance that CBPM will succeed in finding purchasers for properties after development is complete. In addition, market conditions may change during the course of development to make certain developments less attractive than at the time they were commenced. Properties under development or properties acquired to be developed may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion.

**A Development Opportunity May be Abandoned After Expending Significant Resources.** CBCF's project companies may be unable to obtain necessary government permits and authorizations needed to complete development on certain real estate projects. As such, it is possible that we may expend a significant sum of money on a project that cannot be completed and brought to the market for sale.

**Development and Construction Costs May Exceed Initial Estimates; Projects May Not be Completed as Scheduled.** It is difficult to anticipate all of the costs that will be involved in the development and construction of CBCF's projects. Unexpected costs may arise during the course of construction including, but not limited to, costs related to locating and transporting building and finish-out materials, costs of contractors, and unforeseen geological formations or land related issues. In the event that construction costs increase significantly over original estimates for a particular project, CBCF's rate of return could be materially and adversely impacted. In addition, delays in construction are endemic in the real estate industry. Real estate projects developed by CBCF's project companies may be subject to a number of delays related to third parties over which CBCF and its project companies will have little control.

**Construction Financing May Not be Available on Favorable Terms or May Not be Available at All.** If construction financing is unavailable or is available only on unfavorable terms, CBCF's ability to pay for construction costs and complete construction on time may be significantly impacted.

**Environmental Risks.** CBCF may be exposed to risk of loss from environmental claims arising with respect to its investments in real property or real property interests, and such losses may exceed CBCF's investment therein. CBCF may also be subject to a wide range of environmental, health and safety laws, ordinances and regulations, including, without limitation, those relating to the investigation, removal and remediation of past or present releases of hazardous or toxic substances on sites where CBCF invests. Such laws could impose unlimited liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances or such violation. The presence of such substances, the failure to properly remediate contamination from such substances or the existence of such violation may adversely affect CBCF's ability to sell real estate it acquires or to borrow using such property as collateral. Additionally, changes in environmental laws or in the environmental condition of an asset or the

creation of conditions as a result of actions of others may create unforeseen liabilities that did not exist at the time of acquisition. In addition to the possibility of clean-up actions brought by governmental authorities 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.

**Defects.** The properties in which CBCF invests may have design, construction or other defects or problems that require unforeseen capital expenditures, special repair or maintenance expenses or the payment of damages to third parties. Engineering and other reports on which CBCF and its project companies may rely may be inaccurate or deficient, at least in part because defects may be difficult or impossible to ascertain. Statutory or contractual representations and warranties made by various sellers of properties that CBCF's project companies acquire may not protect CBCF and its project companies from liabilities arising from property defects. Furthermore, after selling a property in its portfolio, CBCF and its project companies may continue to owe a statutory warranty obligation to the purchaser thereof if any latent defects in such property are subsequently discovered.

**Reliance on Third-Party Contractors.** CBCF expects that substantially all project construction and related work will be outsourced to third-party contractors. CBCF could be exposed to risks that the performance of contractors may not meet the set standards or specifications. Negligence or poor work quality by any contractors may result in defects in the buildings or residential units, which could in turn cause CBCF and its project companies to suffer financial losses or expose it or its project companies to third-party claims. Moreover, the contractors may undertake projects from other property developers, engage in risky undertakings or encounter financial or other difficulties, such as supply shortages, labor disputes or work accidents, which may cause delays in the completion of CBCF's property projects or increases in costs.

**Insurance; Uninsurable Losses.** CBCF will require its project companies to maintain insurance coverage against liability to third parties and property damage to the extent considered appropriate by the General Partner under the circumstances. There can be no assurance, however, that insurance will be available or sufficient to cover any such risks, as some losses (e.g., terrorism and natural disasters, including earthquakes) may be either uninsurable or not economically insurable. The lack of available insurance, limitations on certain coverages and the pricing of certain coverages may adversely affect CBCF's ability to finance investments and, more generally, the value of CBCF's investments. Should an uninsured or underinsured loss occur, CBCF could lose its investment as well as anticipated income from such investment while remaining liable for any debt or other financial obligations related to that investment.

**Limited Liquidity.** Real estate investments are by their nature often difficult or time-consuming to liquidate. Some of CBCF's investments are expected to be highly illiquid, and there can be no assurance that CBCF will be able to realize such investments in a timely manner, or at all. Illiquidity may result from the lack of an established market for the investments as well as legal or contractual restrictions on their resale. Such illiquidity means that CBCF may not be able to vary its portfolio promptly in response to changes in economic or other conditions.

Moreover, although CBCF's investments may generate some current income, the return of capital and the realization of gains from an investment (if any) will generally occur only upon the partial or complete disposition or refinancing of such investment. While an investment may be sold at

any time, it is not generally expected that this will occur for a number of years after the investment is made.

The General Partner intends to dispose of CBCF's investments prior to dissolution, but the General Partner only has a limited ability to extend the term of CBCF, and CBCF may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

***Risks Associated with Investing in China.*** Investing in China involves certain risks not typically associated with investments in other countries or more developed markets. CBPM will seek to manage CBCF in a manner designed to manage these risks relative to the potential for gain, but such risks cannot be eliminated entirely, and may in any case be beyond the control of CBCF. These risks, some of which are set out below, may increase expenses of CBCF, adversely affect the value of CBCF's investments and returns, and adversely impact CBCF's investment program and strategy.

**Legal Risks.** CBCF's investments will be subject to Chinese law. China's legal system and the body of commercial law and practice are less developed than those typically found in countries with more sophisticated market economics. The Chinese legal system is based on written statutes. Laws and regulations, in particular those concerning foreign investment and taxation, may change quickly and unpredictably. The interpretations and enforcement for such laws and regulations involve even greater uncertainties. Prior court decisions may be cited for reference but are not binding on subsequent cases and have limited precedential value, and the judicial and civil procedures in China are complex and may be unwieldy. Local courts in China may lack experience in commercial dispute resolution and may be subject to political or other influence, and many of the procedural remedies for enforcement and protection of legal rights found in more developed jurisdictions may not be available in China. It may be more difficult, time-consuming and expensive to effect service of legal process and to obtain and/or enforce a judgment in a court in China, in particular when based on U.S. or other foreign laws. Furthermore, China's legal system gives wide discretion to administrators on the interpretation and implementation of laws and regulations. In effect, laws and regulations may not be interpreted or implemented precisely as written, making it difficult to determine the applicability of any such statutes. As a result, the extent to which local parties and entities, including legal government agencies, will recognize the contractual and other rights of the parties with which they deal is uncertain. CBCF may therefore be unable to protect and enforce its rights (including with respect to legal and management control) against local governmental and private entities to the extent it would in jurisdictions with more developed legal systems.

**Investment Restrictions.** China has laws and regulations that, to varying degrees, preclude or restrict direct foreign investment in the securities of resident companies, limit the types of securities that foreigners may buy, or limit foreign investors to special investment structures. Prior governmental approval for foreign investments in China may be required and the extent of foreign investment in domestic companies may be subject to limitation. Foreign ownership limitations also may be imposed by the charters of individual companies. Such restrictions may limit the investment opportunities available to CBCF and inhibit CBCF's ability to implement its investment strategy.

**Foreign Currency Considerations.** Investments made by CBCF, and income and gains received by it, probably will be denominated in RMB. Changes in foreign currency exchange rates may

affect the value of investments, and such changes may be significant. Governmental policies in China may result in artificially pegged exchange rates that may distort the results of and returns on portfolio investments. Moreover, CBCF will incur costs in connection with conversions between various currencies. CBCF will typically conduct its foreign currency exchange transactions on a spot (i.e., cash) basis at the spot rate prevailing in the foreign currency exchange market. CBCF ordinarily will not attempt to hedge currency risks over the long term.

**Foreign Exchange Controls.** In addition to managing the exchange rate between the RMB and the U.S. dollar, the Chinese government imposes controls on the convertibility of RMB into foreign currencies and the remittance of currency out of China in certain circumstances. Certain remittance or currency exchanges may require approval from appropriate governmental authorities. This system could be changed at any time by executive decision of the State Council. Furthermore, the State Administration of Foreign Exchange has a significant degree of administrative discretion in implementing the laws, and has used this discretion to limit convertibility of current account payments out of China. There can be no assurance that CBCF will be permitted to repatriate capital or profits, if any. CBCF could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of equity and debt capital, interest and dividends paid on investments held by CBCF.

**Accounting, Disclosure Standards and Other Information.** The availability of information within China, including information concerning the economy and the securities of companies, is generally more limited than is the case in many other economies. The accounting, auditing and financial reporting standards and practices of China may not be equivalent to those employed in some other economies and may differ in fundamental respects. There is typically less information available about companies in China than about companies in some other economies and there is generally less government supervision and regulation of both the securities markets, and the investors in such markets as well as of private companies, than in many other economies. The relative lack of data makes it more difficult to assess market values and rental values or real estate in China.

**Risks Relating to Taxation.** The Chinese government continues to revise its tax laws, and it is reported to be renegotiating certain tax treaties. Therefore, there may be changes in Chinese or other tax laws, treaties and regulations, or interpretations of such laws, treaties and regulations that are adverse to CBCF. There can be no assurance that the structure of CBCF or any investments by CBCF will be tax-efficient for any particular investor. Prospective investors are urged to consult their own tax advisors with reference to their specific tax situations.

Tax laws and practice in China are at an early stage of development and are not as clearly established as in western nations. The taxation system in China may be subject to varying interpretations, frequent changes and inconsistent enforcement at the federal, regional and local levels, and as a result, the tax burden in China may be high.

Due to the fast-paced investment environment in CBCF's target markets, CBCF may be making investments under considerable time pressure, without the opportunity to fully evaluate all relevant tax structuring issues and implications.

**Economic Factors.** General economic conditions in China may affect CBCF's activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors

in China may affect the value and number of investments made by CBCF or considered for prospective investment. In addition, the economy of China may perform favorably or unfavorably compared with more developed economies in such respects as growth of gross domestic product, rate of inflation, currency controls, currency appreciation or depreciation, capital reinvestment, resource self-sufficiency and balance of payments. The economy of China generally is heavily dependent upon international trade and, accordingly, may be affected adversely by protective trade barriers and economic conditions in the countries with which China trades. In addition, the economy of China is vulnerable to fluctuations in worldwide commodity prices.

**Political, Social and Other Factors.** CBCF will be exposed to the direct and indirect consequences of political, economic, social, diplomatic or other factors in China. China may face economic, social and/or political instability resulting from, among other things (many of which may be unforeseeable), (a) changes in government or governmental policies; (b) popular unrest; (c) adverse relations with other countries; or (d) public health issues (such as the outbreak of severe acute respiratory syndrome in 2002-2003).

**Continued State Involvement in the Chinese Economy.** Despite China's ongoing transition to a market-driven economy, the Chinese government continues to own directly or indirectly a substantial portion of China's productive assets and plays a significant role in regulating development through industrial policies, taxation, allocating resources, regulating payments of foreign currency obligations, imposing credit policies on commercial banks and setting monetary policy. Many reform-oriented policies and measures are unprecedented or experimental, may cause fiscal deficits, inflation, or other economic imbalances, and may or may not be reversed, suspended, delayed or improved over time. There is the possibility of nationalization, expropriation or confiscatory taxation or governmental regulation that could adversely affect the economy of such country or the value of CBCF's investments. Such reforms and measures could negatively affect CBCF's investments in China.

**Risk of Misappropriation of Assets.** There is a risk that individuals employed by or associated with CBCF, its portfolio investments, their affiliates, partners and service providers may engage in the fraudulent misappropriation of CBCF's assets. Adverse employee relationships and inadequate internal control over assets may increase the possibility of misappropriation of CBCF's assets, and this may be a more significant issue in China compared with more developed economies. Such misappropriations may be difficult to identify in a timely manner and, once identified, adequate legal remedies may not be available in China, or may be ineffective if the assets or proceeds in question are not recoverable.

### ***Risks Associated with Real Estate Investments in China***

**General Chinese Real Estate Risks.** The Chinese real estate market is in an early stage of development, and lacks much of the sophistication and efficiency of more developed markets. CBCF's investments will be subject to the risks of changes in law (as well as the interpretation and implementation of such laws) governing the Chinese real estate market, including laws governing limits on land ownership, investment in real estate, rent control, zoning regulations and duties and taxes on sales and transfers. Any such changes may affect supply and demand for real estate assets in China and thus affect the value of any investments made by CBCF. The risk of adverse changes may be higher compared with more developed jurisdictions with more transparent and consultative legislative processes.

In addition, CBCF will be subject to risks associated with changes in general or local market conditions, competition for buyers of property and the cyclical nature of the property markets. Any reduction in demand or increase in the supply of real estate (whether developed or undeveloped) may lead to periods of oversupply and result in lower sale prices. Government actions, policies, and regulations can have a significant effect on the supply of and demand for real estate, to a greater degree than in more developed economies. Newly developed real estate projects may be disproportionately affected by fluctuations in demand and supply.

**Competitive Environment in China.** CBCF is expected to operate in an increasingly competitive environment in which identifying and completing attractive investment transactions involves a significant degree of uncertainty. A number of real estate investment vehicles with a focus on China have been formed in the recent past, and additional ones may be created in the near future, that may have similar or identical objectives and may target the same assets as CBCF. There can be no assurance that CBPM will be able to identify for CBCF and complete investment transactions that are in keeping with CBCF's desired rate of return and diversification principles and objectives. In addition, government policies, such as the economic stimulus announced by the Chinese government in November 2008, may lead to increased infrastructure spending on middle-income housing which could increase competition for projects or lead to increases in the costs of the construction and development of CBCF's projects.

**Lack of Chinese Market Data.** The real estate markets in China are characterized by a limited amount of publicly available data and research, and the scope of such data is significantly less broad and tends to be less consistent than the data relating to certain other industrialized countries. The relative lack of such data makes it more difficult to assess market values and rental values of real estate in China.

**Potential Conflict of Interest with Developers.** CBCF will utilize Chinese real estate developers to develop CBCF's projects. To capture the maximum price on the last remaining sellable units, as well as to defer tax payments due upon the liquidation of a project company, Chinese real estate developers generally prefer to keep a project company operational for as long as possible. Given CBCF's specific return horizon for its equity investment, however, it is in CBCF's interest to liquidate the project company as soon as possible in order to repatriate its capital. Such potential conflict of interest between CBCF and the developers may lead to delays in liquidating project companies.

**Chinese Environmental Risks.** The lack of effective environmental controls in certain regions of China has led to perceived widespread pollution of the air, the ground and water resources. The environmental standards and their enforcement are not as stringent as those of certain more developed countries which may lead to substantial environmental liabilities that may not be measurable or known at the time of an investment by CBCF. Contaminations which were unknown or undetected at the time of purchase may result in material delay or raise the price of construction and renovation projects and may have an adverse effect on CBCF's results, operations and financial condition. Furthermore, the regulations regarding liability for environmental problems could change at any time, and there is no guarantee that CBCF's investments will be "grandfathered", and so they may be subject to substantial liabilities for matters over which CBCF has no control.

**Specific Regulation of China Real Estate and Real Estate Investments.** Real estate is a heavily regulated industry in China, and applicable regulations are constantly evolving. Along with the economic growth in China, investments in the property sectors have increased significantly in the past few years. In response to concerns over the scale of the increase in property investments, the PRC government has implemented measures and introduced policies to curtail property development and maintain the healthy development of the property sector in China. Although the PRC government has adopted a number of measures to increase investment since the third quarter of 2008 in response to the ongoing financial crisis, most of the restrictive regulations and measures previously implemented remain in force.

These and possible future measures taken by the PRC government with respect to China real estate and real estate investments could result in increased costs or delays or prevent completion of a project which in turn could materially adversely affect revenues and investment value. There can be no assurances as to the timing, type and impact of such measures taken by the PRC government.

**Mortgage Financing.** CBPM expects that substantially all purchasers of CBCF's project companies' residential properties will rely on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing, thus affecting the affordability of residential properties. In order to promote the healthy development of Chinese property market during the global financial and economic crisis experienced in the latter half of 2008 and after the real estate control policies previous adopted by the Chinese government authorities began to show their effectiveness, the PBOC issued the Circular on Further Decreasing the Loan Interest Rate for Non-Welfare Residential Property and Other Relevant Issues, or Circular 302, on October 22, 2008 which included a number of favorable measures. However, some commercial banks have imposed certain restrictive conditions in their detailed measures implementing Circular 302, including the requirement that only borrowers who meet the restrictive conditions stated in the measures are entitled to receive preferential interest rates. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed a certain percentage of the individual borrower's monthly income or if the total debt service of the individual borrower would exceed a certain percentage of such individual's monthly income. Moreover, in late 2007, the People's Bank of China and China Banking Regulatory Commission promulgated circulars aimed at tightening control over real estate loans from commercial banks to prevent excessive granting of credit. The measures adopted included, among other things, increasing for a first-time home owner the minimum amount of down payment to 30.0% of the purchase price of the underlying property if the underlying property has a unit floor area of 90 square meters or more and the purchaser is buying the property as his/her own residence. If the availability or attractiveness of mortgage financing is reduced or limited, many prospective customers may not be able to purchase the properties of CBCF's project companies and, as a result, liquidity and results of operations could be adversely affected.

In addition, industry practice dictates that property developers provide guarantees to PRC banks with respect to loans procured by the purchasers of their properties for the total amount of mortgage loans. Such guarantees expire upon the completion of the registration of the mortgage with the relevant mortgage registration authorities. If there are changes in laws, regulations, policies and practices that would prohibit property developers from providing guarantees to banks in respect of mortgages offered to property purchasers and as a result, banks would not accept any alternative guarantees by third parties, or if no third party is available or willing in the market to provide such

guarantees, it may become more difficult for property purchasers to obtain mortgages from banks and other financial institutions during sales and pre-sales of its properties. Such difficulties in financing could result in a substantially lower rate of sale and pre-sale of properties, which would adversely affect the cash flow, financial condition and results of operations of CBCF's investments.

**Natural and Man-Made Disasters.** Damage to CBCF's real estate investments due to fires, earthquakes, floods, typhoons, environmental contamination or other natural or man-made disasters or casualty events could have a material adverse effect on CBCF's investments. In particular, China has historically experienced frequent and severe earthquakes that have resulted in extensive property damage. Any such disaster or event could damage or otherwise adversely affect CBCF's real estate investments in China. In addition, there can be no assurance that insurance will be available or sufficient to cover any such disaster or event.

**Land Use Rights.** In China, the ownership and supply of substantially all land have traditionally been owned and controlled by the Chinese government and government-controlled entities. Land users may technically only acquire the right to use land rather than outright ownership of land, and references in this document to "acquiring" land should be interpreted accordingly. The acquisition costs of such land use rights will be affected by government policies towards land supply. The central and local governments may regulate the means by which property developers obtain land use rights for development, including regulations requiring that land use rights for residential property development be obtained by public tender, auctions or announcement. Ownership of buildings or structures located on land is vested in the entity or individual who invests in the buildings or structures upon obtaining the requisite approvals. If a building or structure is sold or transferred, the land use rights to the land on which that building or structure is located are generally transferred together with that building or structure, and vice versa. Land use rights are subject to a fixed term, and there is not necessarily any assurance that land use rights will be extended at the end of their term. It is not entirely clear how the expiration of land use rights would be handled. Such issues may significantly impact the cost of acquiring or selling land or have other effects that adversely affect the real estate market in China and CBCF's investments.

**Other Risks.** In addition to the risks described above, CBCF's investments in China will be exposed to risks including expropriation, land forfeiture and local opposition to any forced relocation of residents from any property in which CBCF invests. If expropriation or land forfeiture occurs, compensation may be payable, but this may not be adequate.

**Potential Public Health Crisis; Covid-19.** A public health crisis, pandemic, epidemic or outbreak of a contagious disease, such as the recent outbreak of Coronavirus (or Covid-19) in China, the United States and other countries, could have an adverse impact on global, national and local economies, which in turn could negatively impact fund clients. Disruptions to commercial activity relating to the imposition of quarantines or travel restrictions (or more generally, a failure of containment efforts) may adversely impact a fund client's investments, including by delaying or causing supply chain disruptions or by causing staffing shortages. In addition, the imposition of travel restrictions may impact the ability of the Advisors' personnel to travel in connection with potential or existing investments of a fund client or to the Advisors' offices, which could negatively impact the ability of the Advisors to effectively identify, monitor, operate and dispose of investments. Finally, the outbreak of Coronavirus has contributed to, and may continue to contribute to, volatility in financial markets, including changes in interest rates. A continued

outbreak may reduce the availability of debt financing to a fund client and potential purchasers of a fund client's investments, which could have material and adverse impact on a fund client's returns. The impact of a public health crisis such as the Coronavirus (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to a fund client's performance.

### **Item 9 – Disciplinary Information**

Neither our firm nor members of our management have ever been the subject of any legal or disciplinary event that would be material to a client's or a prospective client's evaluation of CBPM's business or the integrity of its management.

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

We do not engage in activities or have any affiliations required to be disclosed under this item.

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

CBPM has adopted a Compliance Manual and Code of Ethics (together, the "Code of Ethics") pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended ("Advisers Act"), which applies to all of our supervised persons. A copy of our Code of Ethics is available upon request by contacting William Tully Wyatt at (214) 270-2121.

Our Code of Ethics is predicated upon the belief that our clients and the individuals and entities that invest in our clients shall be treated with honesty and good faith, and that we shall put the interests of our clients ahead of CBPM and its employees and principals, particularly where our interests may conflict that those of our clients. To that end, our Code of Ethics, among other things, requires supervised persons to comply with all applicable federal and state laws and regulations and requires preclearance of investments in any public or private entity that is domiciled within China, has its principal place of business within China, *or* derives 50% or more of its annual revenue from activities in China organizations domiciled in China. We require preclearance of certain China-focused investments by supervised persons in order to prevent conflicts of interest, or the appearance thereof, between our supervised persons and our clients. Further, our Code of Ethics requires periodic disclosure of personal investment holdings pursuant to Rule 204A-1 of the Advisers Act.

### **Item 12 – Brokerage Practices**

CBPM has the authority to determine the securities or interests and the amount thereof to be bought or sold, subject to the conditions and restrictions contained in CBCF's constituent documents.

CBCF does not conduct transactions frequently in publicly-traded securities requiring the use of a broker. If in the future CBPM purchases or sells securities through a broker-dealer, it will, in those circumstances, consider the following factors:

- the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution;
- the financial strength, integrity and stability of the broker;
- the broker's risk in positioning a block of securities; and
- the competitiveness of commission rates in comparison with other brokers satisfying the other selection criteria.

CBPM does not use "soft dollars" to receive research or other products or services other than execution in connection with client securities transactions.

Neither CBPM nor its affiliates retained a broker-dealer to effect client transactions during the past year, and in any event, should this occur, CBPM does not intend to take referrals into account in selecting broker-dealers.

CBPM does not engage in directed brokerage.

CBPM presently provides investment advisory services to a single CBCF and engages in few, if any, transactions concerning traded securities where volume and similar discounts may apply. As such, there is no need to aggregate purchase or sale of traded securities for multiple client accounts.

### **Item 13 – Review of Accounts**

CBCF's accounts and investments will be monitored on a current basis, and a complete list of the accounts and investments will be more formally reviewed as necessary. Such reviews will be conducted by one or more officers of CBPM. The Fund is audited on a yearly basis by an independent registered public accounting firm.

Certain events may require a review other than a periodic review. Such events include a transfer or withdrawal of a limited partner of the Fund or a material change in the business of a portfolio investment.

Investors in the Fund receive periodic reports (typically quarterly and annually) consistent with the requirements of CBCF documents and advisory agreements and with customs and practices in the private real estate equity fund industry. Each of the Fund's investors will receive annual audited financial statements and unaudited quarterly statements of the Fund.

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

We do not compensate others for client referrals. We do, however, compensate persons in connection with referring investors to the Fund.

## **Item 15 – Custody**

As investment adviser to the Fund, CBPM has custody of the Fund's funds and securities through its ability to access and control these assets and withdraw them from accounts of qualified custodians. CBPM satisfies its custody obligations by ensuring that the Fund is audited as required by the Advisers Act, and that investors in the Fund receive the financial statements resulting from such audits as required.

## **Item 16 – Investment Discretion**

CBPM has discretionary authority to manage CBCF's investments pursuant to an investment management agreement with CBCF, which does not contain limitations on CBPM's authority to manage CBCF's portfolio within the objectives set out in the applicable governing documents. Consent from the limited partners or a committee of limited partners of CBCF is required for investments outside of the investment objectives set out in the respective governing documents and for certain other actions.

## **Item 17 – Voting Client Securities**

CBPM does not, as a matter of practice, vote proxies on behalf of our clients. Given the nature of the real estate investments made by CBCF, CBCF's investments generally will not have proxies.

## **Item 18 – Financial Information**

Registered investment advisers are required to provide you with certain disclosures about their financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and have not been the subject of a bankruptcy proceeding.