

Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of Cayetano Development, LLC (hereinafter “Cayetano” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (512) 600-3119 or at kbennett@cayetanodevelopment.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Cayetano is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Cayetano is 290076. Registration with the Securities and Exchange Commission does not imply any level of skill or training.

Item 2 Material Changes

Pursuant to exemption which is no longer available, Cayetano was not required to register as an investment adviser with the Securities and Exchange Commission (SEC) prior to June 2021 and was deemed an Exempt Reporting Adviser (“ERA”). This Firm Brochure is our disclosure document prepared according to the SEC’s requirements and rules applicable to registered investment advisers. As you will see, this document is a narrative providing detailed information regarding our firm, its practices, fees, actual and potential conflicts of interest and key mitigating circumstances, policies and controls.

After our initial filing of this Brochure, this Item 2 will be used to provide our clients and/or Fund investors with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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Item 4. Advisory Business

Cayetano Development, LLC (“Cayetano”) is an SEC-registered investment adviser with its principal place of business in Austin, Texas. Cayetano has been in business since 2016, with predecessor entities dating back more than 30 years. The firm’s registration with the SEC does not imply any particular level of skill or training by our firm or employees or that the SEC has endorsed our respective qualifications to provide investment advisory services. Kyndel W. Bennett, Matthew J. Long and Generation Land Development, LLC are the firm’s current principal owners.

Cayetano provides investment management services to Private Equity Funds (hereinafter collectively, “the Funds”). Unlike other types of private funds, such as hedge funds, private equity funds receive unfunded capital commitments from investors during one or more initial fundraising stages, after which the funds are generally closed to new investors. The fund manager will then call on investors to make capital infusions (each a “drawdown”), based on their commitments, to support the Fund’s investments once those investments have been identified and are in the process of being developed.

Cayetano manages Private Equity Fund investments in real estate interests. Cayetano develops purchased land into residential lots and markets and sells them to families that would not qualify for conventional bank loans. For each Fund, Cayetano generally performs property identification, track development, marketing, mortgage origination and mortgage servicing functions.

Cayetano leverages its industry knowledge and contacts to identify investment opportunities for the Funds. Cayetano may also identify additional opportunities for similar or different types or levels of equity investments for one Fund in portfolio companies held by other Cayetano Funds or those companies’ affiliates. The investment objective of the Funds is to seek long-term capital appreciation over the course of each Fund’s term, generally twenty years from the final closing, subject to the terms of the specific real estate mortgage notes.

The Funds are not required to register under the Securities Act of 1933 or the Investment Company Act of 1940 in reliance upon certain exemptions available to issuers whose securities are not publicly offered. We manage the Funds on a discretionary basis in accordance with the terms and conditions of each Fund's offering and organizational documents.

ASSETS: As of December 31, 2020, Cayetano had approximately \$175.4 million in discretionary assets under management. Cayetano does not manage any assets on a non-discretionary basis.

IMPORTANT ADDITIONAL CONSIDERATIONS: The information provided herein merely summarizes the detailed information provided in each Fund’s offering and organizational documents. Most of the Funds are closed and are not admitting new investors. Current Fund investors and prospective investors in any new Fund launched

by Cayetano should be aware of the substantial risks associated with investment as well as the terms applicable to such investment. This and other detailed information is provided in the appropriate Fund offering and organizational documents.

Item 5. Fees and Compensation

For our services to the Funds, the firm generally charges a Management Fee as described below.

Management Fees and Allocation:

As the loans proceeds are collected on a monthly basis, Cayetano receives an agreed-upon percentage of the total monthly amount of the proceeds. After a specified watermark is achieved, Cayetano is typically entitled to a higher agreed-upon percentage of the remaining proceeds.

Limited Partners should refer to the appropriate Fund offering documents for detailed information regarding fees and fee offsets. It is also important to note that any new Fund launched by Cayetano may have similar or materially different terms than those summarized above.

Other Fees, Expenses and Off-Sets

Since Cayetano also serves as the developer, general contractor, construction manager, mortgage originator and loan servicer, it typically charges the following additional fees:

Paid by the Funds:

Per lot development fee
Per lot general contractor/construction management fee
Monthly loan servicing fee

Paid by Customer:

Per lot closing fee

GENERAL INFORMATION:

Investments in Funds: The General Partner for each Fund is affiliated with Cayetano through common ownership and control as well as shared executive officers. The General Partner of each Fund and/or the principals of Cayetano will generally participate in the Fund's investments by investing assets directly in the Fund.

Investors must understand the proposed method of compensation and its risks prior to investing in any of the Funds. Prospective investors in any new Fund launched by Cayetano should refer to the appropriate Fund offering and organizational documents for

information regarding the fees charged by Cayetano, as the fees and off-sets may differ materially from the description contained herein and from fund to fund based on the purpose and circumstances of each fund.

Lock-Up: Except as set forth in the applicable Fund's offering documents, an investor in any one of the Funds generally may not rescind any part of its capital commitment or otherwise withdraw from any of the Funds. Private Equity Fund investing is for those who can afford to have capital locked up for long periods of time and who are able to bear the risk of significant losses.

Investors in each Fund should refer to the appropriate Fund's partnership agreement and offering documents for complete information regarding lock-ups and penalties or other consequences for failure to observe capital calls made by the Fund.

Side Letters: Cayetano, or each Fund's General Partner, as appropriate, may waive or modify certain terms of investment for certain large or strategic investors, in side letters or otherwise.

Allocation of Fees and Expenses: As a fiduciary to the Funds, Cayetano seeks to act in the best interest of the Funds at all times. Among other things, this includes responsible stewardship of the Funds' assets. To the extent reasonably possible, therefore, Cayetano seeks to keep Fund costs reasonable and to avoid unnecessary or excessive expenses. In addition, Cayetano seeks to ensure that any expenses allocated to the Funds and portfolio companies owned by the funds include only those expenses actually incurred by the Funds or relevant portfolio companies.

Expenses and fees that may be incurred by the Funds and portfolio companies are generally described in the Funds' offering documents and summarized in this Form ADV, Part 2A. In general, Cayetano may not allocate any expense to a Fund or a portfolio company where such expense has been explicitly prohibited by the Fund's organizational and offering documents. Moreover, for any payments enuring directly or indirectly to the benefit of Cayetano or any of its related persons, Cayetano will follow the following procedures:

- Ensure that the compensation paid is fair in relation to the scope of the job's responsibilities;
- Ensure that the entities or individuals retained have sufficient expertise and qualifications to provide the services being contracted for;
- Engage in continuous monitoring to ensure that services contracted for are provided in full;
- Disclose to investors that retention of related persons or entities for non-management services on behalf of the funds or portfolio companies constitutes a conflict of interest and describe how such a conflict of interest is mitigated; and
- Seek investor and/or Fund advisory board approval (if an advisory board has been created) for any conflicts that cannot be effectively mitigated or eliminated.

For each expense allocated to the Funds or a portfolio company, an invoice will be submitted. Expenses will be reflected on the books of the appropriate Fund or its affiliate, as appropriate. Cayetano's designee will review invoiced expenses and the methodology used to allocate among Funds or portfolio companies, as applicable. The methodology used to allocate expenses among Funds will be documented at the time of the allocation.

Cayetano instructions to pay fund expenses (audit, legal, etc.) must be supported by an invoice.

When in doubt, Cayetano will review disclosures regarding expenses as provided to applicable Fund investors through offering memoranda, Form ADV or otherwise and compare these to expenses actually charged to ensure that each expense is authorized and appropriately disclosed.

A Cayetano designee will periodically review expense allocation methodologies amongst the Funds and accounts to ensure that each Fund only assumes expenses attributable to its activities, and that those allocations are properly documented.

General: Prospective investors should refer to the appropriate offering and organizational documents for additional important information, terms, conditions and risks involved with investing in the Fund(s).

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

As we disclosed in Item 5 of this Brochure, after reaching a specified watermark, Cayetano's compensation allocation will increase, a form of performance-based profits interest.

Investors in the Funds, and prospective investors in any new Fund launched by Cayetano, should note that performance-based profits interest, in some contexts, can create an incentive for an adviser such as Cayetano to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. However, the long term nature of private equity fund investing mitigates such risk because the increased payment allocation is calculated based on realized, not unrealized gains, leading Cayetano to carefully consider the risk – reward relationship when making investments.

In theory, we could have incentive to favor a Fund paying higher aggregate performance-based compensation than one paying less or none at all, or a Fund in which officers and employees of the firm and General Partner may have more of their personal assets invested. Since we endeavor at all times to put the interest of the Funds first as part of our fiduciary duty as a registered investment adviser, we take the following steps to address these conflicts:

1. Currently, most funds are created to invest in one specifically-identified property interest.

2. We disclose to investors and prospective investors the existence of material conflicts of interest, including the potential for our firm and its employees to earn more compensation from some Funds than others;
3. We collect, maintain and document required investor background information to ensure that investors are qualified to invest in each Fund.
4. With respect to any cross-fund investments, if any should occur in the future, where guidelines are not provided in the Funds' Limited Partnership Agreement, the General Partner seeks the consent of the applicable Funds' Advisory Boards to the transaction; and
5. We educate our employees regarding the responsibilities of a fiduciary, including the equitable treatment of all clients, regardless of the fee arrangement.

Performance-based compensation will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 and/or applicable state regulations.

Item 7. Types of Clients

We provide investment management services to a number of private equity funds.

Except as was permitted by us or the appropriate Fund General Partner, in accordance with the appropriate Fund's offering documentation, the minimum required aggregate capital commitment to the Funds is clearly identified in the Funds' offering and organizational documents. The size of our future funds may be smaller or larger than these historical amounts.

Prospective investors in any new Fund launched by Cayetano should refer to the appropriate Fund offering documents for information regarding that Fund's minimum required capital commitment and any additional qualifications required for investment.

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

As adviser to the Funds, our firm primarily, though not exclusively, invests in real estate projects which are converted into senior notes secured by mortgage loans and real estate. As such, traditional securities analysis is not possible when formulating investment recommendations. Instead, we rely on our due diligence process and investment judgment to determine which prospective projects to invest in on behalf of the Funds. However, investors must be aware that due diligence is different with each project and the available information and speed with which decisions must be made can vary greatly.

Cayetano typically employs a disciplined investment process in evaluating potential investments and generally performs rigorous analysis of the historical and prospective performance of potential projects. Our due diligence investigation generally includes: (a) financial and operational analyses; (b) interest rate environment; (c) target market and land location; (d) demographic composition of the immediate and neighboring areas.

Our due diligence process involves our senior management and additional Cayetano professionals. Cayetano has a network of lawyers, accountants, information technology

and due diligence professionals and consultants who generally work in tandem with Cayetano to advise on certain Fund investments.

Risks of Long-Term Investing through Private Equity/Private Debt Funds: One of the primary risks of a long-term investment strategy is that, if our predictions are incorrect, a security may decline sharply in value. This risk is particularly pronounced when investing for the long term in privately issued securities due to the absence of an immediate and liquid market for these investments. Any sale of such interests will typically take some time to complete. The project or the entire industry may behave in ways which were not, and in some cases could not have been predicted, leading to significant losses and/or a lack of any attractive exit option.

Risks in General: Securities investments are not guaranteed and you may lose money on your investments. Investors or prospective investors should carefully review the detailed explanation of the many risks associated with investment as provided in the appropriate Fund's offering memorandum.

Item 9. Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Neither our firm nor our management personnel have reportable disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Each of the Funds has a separate General Partner and each is related to Cayetano through common ownership and control.

General Partners may be entitled to any Carried Interest, as applicable, pursuant to the terms and conditions set forth in the appropriate Fund offering documents. Any such allocation will ultimately inure to the benefit of the owners and executive officers of Cayetano.

Certain principals of Cayetano have ownership interests in Generation Partners ("Generation") an SEC-registered investment adviser to various private equity pooled investment vehicles. Generation may introduce Cayetano to its investors and Generation may introduce its investors to Cayetano. Any investments with Generation are solely at the discretion of the investors, and investors are responsible for all due diligence associated with any such investments. Since related persons of Generation have ownership interests in Cayetano, even an introduction creates a possible conflict of interest due to overlapping pecuniary interests.

Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly personal securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code provides for oversight, enforcement and recordkeeping. A copy of our Code of Ethics is available to our advisory clients and prospective clients, including investors and prospective investors in one or more of the Funds, upon request to the Chief Compliance Officer, at the firm's principal office address.

As disclosed at Item 5 of this brochure, certain executive officers and/or other employees of Cayetano have invested and may invest a portion of their personal net worth in one or more of the Funds or have an equity interest in them.

It is the expressed policy of our firm that no person employed by us may usurp an investment opportunity which may be appropriate for one or more of the Funds without first presenting the opportunity to our Investment Committee, particularly when there is limited availability for participation in the opportunity.

As these situations represent a conflict of interest, we have established the following restrictions in order to ensure its fiduciary responsibilities:

1. No officer or employee of our firm may prefer his or her own interest to that of an advisory client.
2. We maintain a list of all securities holdings for our firm and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by the Chief Compliance Officer.
3. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

The Investment Advisers Act of 1940 makes it unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, to knowingly sell any security to, or purchase any security from, a client without disclosing to the client in writing the capacity in which the adviser is acting and obtaining the client's consent to the transaction. This rule may apply to certain transactions involving accounts in which investment advisers have interests, such as private fund investments by the firm's owners,

principals, or employees. The SEC has indicated that when an investment adviser and/or its controlling persons own more than 25% of a fund's outstanding securities, it would be effectively treated as a principal transaction if such an account were to engage in a trade with another client account or fund. Such levels of participation in any one of the Funds by our owners, principals or employees is limited by the terms of each Fund's partnership agreements and/or offering documents though side-by-side investments are typically allowed.

Item 12. Brokerage Practices

As invests in real estate projects which are converted into senior notes secured by mortgage loans and real estate, it does not trade securities and does not enter into brokerage arrangements. Cayetano does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Item 13. Review of Accounts

The following individuals are primarily responsible for performing property identification, track development, marketing, mortgage origination and mortgage servicing functions:

- Kyndel W. Bennett
- Matthew J. Long
- John R. Mays
- Garrett Forthuber

The specific individuals responsible for various functions may change or vary over time and may vary from Fund to Fund.

The Funds are audited annually by an independent, certified public accountant that is both registered with and subject to regular inspection by the Public Companies Accounting Oversight Board (PCAOB) and a copy of the audited financials are sent to each investor on a timely basis.

In addition to annual audited financials, investors in each Fund will receive at least monthly accounting and annual K-1s.

Item 14. Client Referrals and Other Compensation

Although our firm does not currently utilize placement agents for referring prospective investors to our Funds, we reserve the right to enter into such arrangements in the future. Although common, such referral arrangements do create a potential conflict of interest because, in theory, the referrer may be motivated, at least partially, by financial gain and not because the Cayetano Funds are the most suitable to the prospective investor's needs. To address this potential conflict of interest, all referred investors would be informed of the placement agent's role and the firm would collect appropriate required information to

ensure that the investor meets the qualifications for investing in the fund.

Item 15. Custody

Because we act as investment adviser to the Funds and are affiliated with each Fund's General Partner through common ownership and control, we are deemed to have custody of client assets under current applicable regulatory interpretations. As an adviser with custody, we seek to have each of the Funds audited on an annual basis by an independent public accountant that is both registered with and subject to regular inspection by the Public Company Accounting Oversight Board (PCAOB). We seek to send, directly or through a third party, the audited financials to each Fund investor within 120 days of the applicable Fund's fiscal year end.

Item 16. Investment Discretion

As investment adviser to the Funds, Cayetano is granted the discretionary authority in the relevant organizational documents and/or advisory agreements to determine which investments to buy or sell on behalf of the Funds.

Item 17. Voting Client Securities

As invests in real estate projects which are converted into senior notes secured by mortgage loans and real estate, it does not receive or vote proxies.

Item 18. Financial Information

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered, therefore, we are not required to include a financial statement with this brochure.

Cayetano has not been the subject of a bankruptcy petition at any time during the past ten years.