

Part 2A of Form ADV: Firm Brochure

September 1, 2021

Conservation Equity Management, LP

2305 Cedar Springs Road, Suite 400

Dallas, Texas 75201

Attention: Stuart Smith

Telephone: (214) 347-8050

This brochure (“**Brochure**”) provides information about the qualifications and business practices of Conservation Equity Management, LP (“**CEM**”, the “**Adviser**”, “**we**”, “**us**” or “**our**”). If you have any questions about the contents of this Brochure, please contact us at (214) 347-8050. 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.

CEM may refer to itself as a registered investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). These references do not imply a certain level of skill or training.

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

Item 2 – Material Changes

There are no matters to note in this Item 2 since this is CEM’s initial Brochure filing with the SEC in connection with its initial registration as an investment adviser.

In the future, this Item 2 will discuss specific material changes that are made to this Brochure and provide a summary of such changes.

Item 3 – Table of Contents

Item 1 – Cover Page.....	1
Item 2 – Material Changes	2
Item 3 – Table of Contents.....	2
Item 4 – Advisory Business	3
Item 5 – Fees and Compensation	4
Item 6 – Performance Based Fees and Side-by-Side Management	4
Item 7 – Types of Clients.....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	9
Item 9 – Disciplinary Information.....	9
Item 10 – Other Financial Industry Activities and Affiliations	18
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	18
Item 12 – Brokerage Practices	19
Item 13 – Review of Accounts.....	22
Item 14 – Client Referrals and Other Compensation.....	22
Item 15 – Custody.....	23
Item 16 – Investment Discretion	23
Item 17 – Voting Client Securities	23
Item 18 – Financial Information	24

Item 4 – Advisory Business

This Brochure has been prepared in connection with CEM’s initial registration as an investment adviser with the SEC under the Advisers Act. We are registering with the SEC as a “related adviser” under Rule 203A-2(b) of Advisers Act, of Hayman Capital Management, L.P., a Delaware limited partnership and SEC-registered investment adviser (“*Hayman*”).

CEM, founded in 2021, is a private investment management firm that provides and performs investment management, advisory, administrative and various other services with respect to affiliated private pooled investment vehicles (collectively, “*Funds*”) and potentially other types of accounts and clients (collectively with the Funds, our “*Clients*”). CEM currently serves as the investment manager to Conservation Equity Fund I, L.P., a Delaware limited partnership. CEM also may serve as investment manager to other Funds in the future. As of the date of this Brochure, CEM has approximately \$80,065,000 in regulatory assets under management. CEM is wholly owned, directly or indirectly, by J. Kyle Bass.

Subject to the terms and conditions set forth in the applicable offering and governing documents of each Client, CEM provides or performs various types of advisory and management services with respect to such Client, including, without limitation, the following:

- the acquisition, management, and disposition of real estate assets and properties;
- general management and administrative services and portfolio management services, including managing day-to-day operations;
- the communication, on behalf of any applicable Client, with the holders of any such Client’s securities;
- the evaluation, diligence, negotiation and selection of investments;
- ongoing asset management and development; and
- the coordination and management of operations of any joint venture or co-investment interests.

Except as set forth in the applicable offering and governing documents, each Client generally invests or will invest (directly or indirectly) in real estate assets and properties and real estate related investments. Client investments may take various forms including, without limitation:

- direct or indirect investments in real estate-related assets or properties;
- the formation of joint ventures or co-investment arrangements with one or more third parties for investments in real estate-related assets and properties (including the acquisition of debt, preferred equity and equity interests in joint ventures); and/or
- the acquisition of securities in entities that own or invest in one or more real estate-related assets or properties.

CEM serves as investment manager with respect to each Client, and tailors its advisory, management and other services in accordance with and subject to the investment objectives and guidelines set forth in each Client’s applicable governing and offering documents, which may include, but is not limited to, the applicable private placement memorandum (or equivalent disclosure document), partnership agreement,

limited liability company agreement, investment management agreement or similar organizational document or management agreement (collectively, “**Account Documents**”). As such, with respect to any Fund managed or sponsored by CEM or an affiliate thereof, we generally tailor our advisory, management and other services to the particular needs of such Fund, and not the needs of the individual investors in that Fund.

We do not and will not participate in any wrap fee programs.

Item 5 – Fees and Compensation

In consideration of our advisory and management services, CEM and its affiliates generally are entitled to receive (i) management fees based upon a percentage of the capital commitments or invested capital of each investor or Client, and (ii) carried interest distributions or other performance-based compensation with respect to each investor or Client. Investors should carefully review the applicable Account Documents of each Client for a description and details regarding the fees and expenses applicable to it. Nevertheless, an overview of our expected general fee schedule with respect to each Client is set forth below:

Management Fees. Pursuant to the terms and conditions of the Account Documents of each Client, CEM generally is entitled to receive, on a quarterly basis in advance, a management fee from such Client, which is calculated and determined in accordance with the terms and conditions set forth in the applicable Account Documents of such Client. Subject to the terms and conditions of the applicable Account Documents, the management fee with respect to each Client generally is calculated and determined as follows: (i) for each quarter that occurs during the investment period of such Client, 0.4375% (1.75% per annum) of each investor’s or Client’s aggregate capital commitment, and (ii) beginning with the first full calendar quarter commencing after the end of the investment period, (A) 0.375% (1.5% per annum) of each investor’s aggregate invested capital with respect to non-mitigation bank investments and (B) 0.5% (2.0% per annum) of each investor’s aggregate invested capital with respect to mitigation bank investments (subject to such adjustments contemplated in the Account Documents). Notwithstanding the foregoing, with respect to any investor whose capital commitment is accepted as of the initial closing date of a Fund (an “**Initial Closing Investor**”), the management fee rate described in clause (i) above generally is 0.375% (1.5% per annum) with respect to such investor.

Management fees are payable by each Client to CEM or an affiliate on the first day of each calendar quarter in advance. Except as otherwise determined by CEM, each investor generally is responsible for bearing and paying its pro rata or allocable share or portion of such management fees in accordance with the terms in the Account Documents. Management fees typically are or may be funded or paid with capital contributions called from the investors for such purpose, but may also be funded with proceeds from investments and borrowings or indebtedness. Installments of the management fee for any period other than a full calendar quarter are adjusted on a prorated basis according to the day elapsed in that period.

Carried Interest Distributions. CEM or an affiliate generally is entitled to receive a carried interest distribution equal to twenty percent (20%) of profits derived from the disposition of investments (following a return of aggregate capital contributions attributable to disposed investments and a preferred rate of return of six percent (6%) per annum to investors). Upon the termination of a Client and after giving effect to all other distributions made or to be made pursuant to the Account Documents, CEM or an affiliate thereof generally is required to return any carried interest distributions previously received by it in respect of an investor to the extent that they exceed amounts that would have been distributed to CEM or an affiliate as carried interest distributions if such carried interest distributions were calculated on an aggregate basis covering all transactions of such Client (subject to the terms and limitations set forth in

the applicable Account Documents). Carried interest distributions generally are waived or reduced with respect to employees of CEM and employees of CEM's operating partners, advisory board or committee members, strategic partners or such other persons (or affiliates thereof) determined by CEM in its discretion.

Carried interest distributions with respect to a Client are calculated from time to time upon disposition of investments by such Client and are distributed to an affiliate of CEM (after the return of aggregate capital contributions and a preferred rate of return to investors, as more particularly described above).

Each investor in a Fund generally is required to represent to us that it is, among other things, an "accredited investor" and either a "qualified purchaser" or "knowledgeable employee," as each such terms are defined in applicable U.S. securities laws.

Management fees and/or carried interest distributions generally are not negotiable. However, CEM and its affiliates may enter into side letters or similar agreements or arrangements with one or more investors in a Client that alter, modify, change or adjust the management fees or carried interest distributions applicable to such investors (as determined by CEM in its sole discretion).

In addition to management fees and carried interest distributions, each Client generally bears all costs and expenses in connection with the business and operations of such Client, subject to the terms and conditions set forth in the applicable Account Documents of such Client.

Subject to the applicable Account Documents, each Client generally is responsible for paying all costs and expenses incurred in connection with the organization, operation and activities of such Client including, without limitation, all fees, expenses, costs, liabilities and obligations relating or attributable to: (i) activities with respect to the identifying, sourcing (including meeting with consultants, finders, broker-dealers and other sources of investments), structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals or databases and dues or membership fees for industry trade groups and related organizations), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving, or otherwise disposing of, as applicable, the Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party diligence software and service providers, consultants, and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (ii) indebtedness of, or guarantees made by, the Client, CEM, the general partner of such Client, or any "affiliated partner" on behalf of the Client (including any credit facility, letter of credit, or similar credit support), including repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar activities; (iv) all fees, costs and expenses, if any, incurred in relation to the acquisition, custody, holding, developing, capital improvements, brand related property improvements, monitoring, management, appraising, financing, refinancing, disposing of investments, including any travel, legal, audit, financing, appraisal, insurance consulting, brokerage, inspection, indemnification and accounting expenses and other fees and out-of-pocket expenses related thereto; (v) brokerage, sale, custodial, depositary, and local paying agent (including a depositary appointed pursuant to Directive 2011/61/EU of the European Parliament and the Council of 8 June 2011 on Alternative Investment Fund Managers (collectively, "AIFMD") and any Swiss representative and/or paying agent appointed pursuant to the Swiss Collective Investment Schemes Act (as amended) including any law, rule or regulation related to the implementation thereof), trustee, record keeping, account, registered office, and similar services; (vi) legal, accounting,

research, auditing, administration (including fees and expenses associated with any third-party administrator and administration, tracking, performance or reporting software), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services, as well as costs related to the establishment or maintenance of such services), consulting (including consulting and retainer fees, salary and other compensation paid and benefits provided to consultants performing investment initiatives or providing services related to cybersecurity or environmental, social, and governance investment considerations and policies, and other similar consultants), tax, and other professional services, in each case, to the extent of any out-of-pocket fees, costs, expenses, liabilities, and obligations relating or attributable thereto; (vii) insurance (including directors and officers liability, fidelity bond, cybersecurity, errors and omissions liability, employment practices liability, crime coverage, and general partnership liability premiums and other insurance and regulatory expenses, including any costs and expenses related to any retention or deductibles and broker costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance policies; (viii) filing, title, transfer, survey, registration and other similar activities; (ix) printing, communications, mailing, courier, marketing and publicity; (x) the preparation, distribution, or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedules K-1 (or similar forms), other communications with partners, or any other administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis Reports) or other information, including fees and costs of any third-party service providers and professionals related to the foregoing; (xi) reporting, filing, and other ongoing compliance requirements (other than the initial and/or preliminary registrations, filings and compliance) contemplated by the AIFMD, including secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (xii) compliance with any tax or financial account reporting regime, including Foreign Account Reporting Requirements (as defined in the Account Documents) and any similar laws, rules and regulations, including any costs of any third-party service providers and professionals related to the foregoing; (xiii) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, ledger systems, financial management and cybersecurity), or other administrative or reporting tools (including subscription-based services) for the benefit of the Client or the investors; (xiv) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information pursuant to the Account Documents; (xv) to the extent provided in the Account Documents, or otherwise approved by the general partner of the Client in its sole discretion, activities or proceedings of the advisory committee (including any reasonable out-of-pocket costs and expenses incurred by the advisory committee members, representatives of the general partner of a Client, permitted observers and other persons in attending or otherwise participating in meetings of the advisory committee); (xvi) indemnification (including legal and any other fees, costs and expenses incurred in connection with indemnifying any investor or other person pursuant to the Account Documents and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Account Documents), except as otherwise set forth in the Account Documents; all amounts to be contributed or advanced to any investment, directly or indirectly, for the purpose of making such investment and paying any cost of the type described above; (xvii) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs and expenses of any discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xviii) any annual investor meeting or other periodic or special, if any, meetings of the investors and any other conference or meeting (including via webcast or videoconference) with any investor(s) and related meal and entertainment expenses, in each case to the extent incurred by the Client, CEM or any other affiliate of CEM; (xix) any management fees; (xx) except as otherwise determined by the general partner of a Client in its sole discretion, (A) any fee, cost, expense, liability, or obligation relating to any alternative investment vehicle, parallel partnership or its activities, or its actual or potential investments that would be a Client expense if it were incurred in connection with the Client, (B) any expenses incurred in connection with the formation, management, operation, termination, winding up and

dissolution of any feeder vehicles related to the Client to the extent not paid by the investors investing in such entities, and (C) any other costs or expenses related to any structuring or restructuring of the Client or any related vehicles; (xxi) the termination, liquidation, winding up, or dissolution of the Client and any legal entities owned directly or indirectly by the Client, including direct or indirect subsidiaries, alternative investment vehicles, parallel partnership or other investment vehicles, and any fees and costs of third-party service providers and professionals related to the foregoing; (xxii) defaults by investors in the payment of any capital contributions; (xxiii) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Client, the general partner, the special limited partner and related entities and any alternative investment vehicle of the Client, including the preparation, distribution and implementation thereof; (xxiv) (A) complying with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations) related to the activities of the Client, including any legal, administrator, consulting, or other third party service provider fees and expenses related thereto, any regulatory expenses of CEM or its affiliates incurred in connection with the operation of the Client, any costs and expenses related to cybersecurity and any costs and expenses related to compliance with any environmental, social, and governance or other investor considerations and policies applicable to CEM or the Client and/or their respective affiliates and/or (B) the validation or other confirmation of any payments made to the Client, the general partner of the Client or any affiliates thereof (including as a result of any anti-money laundering laws, rules or regulations); (xxv) any litigation or governmental inquiry, investigation, or proceeding, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements, or fines paid in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the Account Documents; (xxvi) any third-party experts, including independent appraisers, engaged by the general partner or its affiliates in connection with the Company considering, making, or holding an investment in the same entity as any other fund or separately managed account the commencement of operations of which is not prohibited under the Account Documents; (xxvii) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer or withdrawal or proposed withdrawal by an investor or any investor's name change, internal restructuring or change in trust, registered agent, custodian, or similar relationship; (xxviii) any taxes, fees, and other governmental charges levied against the Client and all expenses incurred in connection with any tax audit, inquiry, investigation, settlement, or review of the Client (except to the extent that the Client is reimbursed therefor by a reimbursing investor pursuant to the Account Documents) and any costs of or related to the "partnership representative" of the Client; (xxix) distributions to the investors and other expenses associated with the acquisition, holding, and disposition of investments, including extraordinary expenses; (xxx) compliance or regulatory matters related to the Client (except as otherwise set forth in the Account Documents), including compliance with the Account Documents and any side letter or similar agreement (including the most favored nations process); (xxxi) any travel (including the cost of using any private aircraft or other private air travel (including a private aircraft owned or partially owned or leased by CEM or an affiliate thereof), for air travel within the United States other air travel, car or ride sharing services, and other modes of transportation), lodging, meals or entertainment relating to any of the foregoing and below, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxii) all costs and expenses associated with operating a feeder fund which invests all or substantially all of its assets in the Client, including all expenses associated with its management, operation, winding-up, liquidating and dissolution and with preparing and distributing such feeder's financial statements, tax returns and feeder fund limited partner reports, but not including any income based or similar taxes, fees or other governmental charges levied against such feeder; (xxxiii) any organizational expenses and formation costs of the Client; (xxxiv) any placement fees or similar fees or compensation payable to any person or entity in connection with the activities of the Client or the offering of interests in the Client or its investments; (xxxv) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of CEM at any trade conference reasonably related to the investment activities of the Client and/or its properties, including any applicable registration fees and

exhibition, sponsorship or other presentation fees, costs and expenses; (xxxvi) any fees or compensation due or payable to an affiliate of CEM in its capacity as project manager with respect to the Client and its properties and business, including the fees and compensation set forth in the form of Professional Services Agreement between the Client and the project manager, the form of Natural Resource Management Agreement between the Client and the project manager, and any and all costs or expenses incurred in connection with a property or project by the project manager or incurred by the project manager and its agents in connection with the services provided to the Client and its properties; and (xxxvii) any other fees, costs, expenses, liabilities or obligations approved by the advisory committee; in each case of clauses (i) through (xxxvii), whether or not any contemplated transaction is consummated and whether or not such activities are successful, including any opportunity offered to co-investors.

The investment strategies and investment programs of each Client generally are not expected to involve the purchase or sale of publicly offered securities, and as such, typically will not entail expenses related to brokerage commissions. To the extent applicable, each Client generally will be responsible for and will bear any of its custodial fees and expenses. **See Item 12 below.**

The foregoing description is not intended to be exhaustive and is qualified in its entirety by the applicable Account Documents of each Client.

Neither we nor any of our supervised persons expect to accept compensation for the sale of securities or other investment products. However, we or our affiliates and personnel and related parties may receive intangible and other benefits, discounts and perquisites arising or resulting from their activities on behalf of Clients, which will not offset or reduce management fees or otherwise be shared with Clients or investors therein. For example, airline or hotel stays will result in “miles” or “points” or credit in loyalty or status programs, and such benefits will, whether or not material or difficult to value, inure exclusively to the benefit of CEM and its affiliates receiving it, even though the cost of the underlying service is borne by the applicable Client.

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

As described in Item 5 – Fees and Compensation, CEM and its affiliates generally are entitled to receive carried interest distributions from each Client in respect of each investor in such Client (except as otherwise waived or reduced by CEM with respect to affiliated and other investors).

Carried interest distributions and other performance-based fees allocated or paid by a Client to CEM or an affiliate could motivate or incentivize CEM to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in place.

For example, a carried interest distribution generally entitles CEM or an affiliate to receive a percentage of the net profits of a Client; however, CEM or its affiliate is not required to bear the same proportion of the net losses, if any, suffered by a particular Client as a whole. We generally attempt to mitigate conflicts of interest associated with carried interest distributions through (i) the requirement that invested capital, a preferred return and expenses be returned to investors before our affiliate is entitled to receive any carried interest distributions; (ii) a substantial capital commitment to a Client by CEM and its affiliates and personnel; and (iii) the clawback obligation of our affiliate upon liquidation of each Client. Moreover, detailed disclosures regarding the carried interest distributions, and the conflicts and potential conflicts that are or may be raised by or applicable to such performance-based compensation will be set forth in the Account Documents of each Client.

The method of calculating the carried interest may result in conflicts of interest with respect to the management and disposition of investments, including the sequence of dispositions.

Certain of our individual employees, agents and affiliates may be compensated to some extent based upon investment profits for which they are responsible and, accordingly, may face the same potential conflict.

Item 7 – Types of Clients

We provide or perform investment management, advisory and other services with respect to affiliated pooled investment vehicles and related vehicles. We may also from time to time in the future perform investment management, advisory and other services for and with respect to other types of clients, including separately managed accounts and co-investment vehicles.

The minimum initial capital commitment generally required for an investor in a Fund is \$1,000,000, subject to the general partner's discretion to accept a lesser amount in its sole discretion.

Each investor in a Client typically is required to certify or represent to such Client that such investor is, among other things, an "accredited investor" and a "qualified purchaser" as such terms are defined in applicable U.S. securities laws.

We may enter into side letter agreements or other similar agreements with Fund investors, which agreements may provide such investors with rights and terms (including, without limitation, reduced or lower carried interest distributions and/or management fees, preferential or different withdrawal or liquidity rights, lower or higher subscription amounts, preferential informational rights (including transparency rights and other information, reports and documents with respect to the Client), "most favored nations" status, notice or consent rights and various other preferential rights or terms) that are different or in addition to the general terms of the Account Documents of an applicable Client. We are not obligated to offer such additional or different rights or terms to all Client investors.

Investors and other recipients of this Brochure should be aware that while this Brochure may include information about our Clients, as necessary or appropriate, this Brochure should not be considered to represent a complete discussion of the features, risks or conflicts associated with any Client. More complete information about each Client is included in such Client's Account Documents. In no event should this Brochure be considered to be an offer of interests in a Client or relied upon in any determination to invest in a Client. It is also not an offer of, or agreement to provide, advisory services directly to any recipient of this Brochure. Rather, this Brochure is designed to provide information about the Adviser for the purpose of compliance with the Adviser's obligations under the Advisers Act. Accordingly, this Brochure responds to relevant regulatory requirements under the Advisers Act, which may differ from the information provided in a Client's Account Documents or public filings. To the extent that there is any conflict between discussions herein and similar or related discussions in any Account Document or public filing of a Client, the relevant Account Document or public filing shall govern.

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

Methods of Analysis and Investment Strategies

CEM, on behalf of our Clients, generally expects to make equity investments in conservation mitigation, forestlands, rangelands and alternative energy infrastructure strategies. These investments can be made directly or through the use of limited partner or membership interests in co-investment or joint venture entities. We vary the investment programs according to our Clients' investment guidelines, mandates,

policies or needs.

CEM's investment process is built around thoughtful analysis and due diligence. CEM's process begins with a complete market analysis. CEM carefully analyzes property positioning, financial models and analysis, capital expenditure budgets, operations expenses, cash flow analysis and forecasting, and multiple other investment criteria specifically designed to address each property's perceived risks and future market opportunities. In addition, CEM combines macro-economic analysis with a firsthand local market analysis. CEM believes that real estate, at the property level, is a local market business. Data gathered from CEM's operations, experience and expertise provide dependable and invaluable information regarding specific trends and opportunities within local markets.

In addition, CEM analyzes property comparisons, recent property sales, zoning and utility availability verification, title and survey review and other typical matters involving real estate acquisition. CEM generally also completes financial models and analysis and investment memorandums addressing perceived risks and market opportunities. CEM may engage, as appropriate, industry or market consultants, law firms, environmental consultants, and insurance advisors as part of its evaluation process. The scope of such outside work varies based on the complexity and risk of each transaction.

With respect to each of Client, CEM utilizes the networks and relationships of its team and operating partners, advisory board or committee members and strategic partners with regional or smaller intermediaries, specialized advisory firms, brokers, advisors, and industry executives and contacts to thoroughly evaluate and investigate the fundamentals of our investment prospects.

The investment strategies summarized above are not intended to be comprehensive. For more information regarding our investment strategies and the investment program of each Client, please see the applicable Account Documents.

Certain Risk Factors

There can be no assurance that investors in a Client will achieve their investment objectives or that investments in such Client will be profitable. Each Client's investment strategy will involve a substantial degree of risk, including risk of complete loss. Nothing in this Brochure is intended to imply, and no one is or will be authorized to represent, that our Clients' investment strategies will be low risk or risk free. These investment strategies will be appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. The various risks outlined below will not be the only risks associated or that may be associated with a Client's investment strategies and processes and will not necessarily apply to each investor. Investors are urged to consult with their own independent financial, legal and tax advisors before making any investment decisions. **The following risks are qualified in their entirety by the risks set forth in the applicable Account Documents of each Client.**

General Economic and Market Conditions. Clients' activities are affected by and subject to general economic and market conditions, such as changes in interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of a Client's investments), trade barriers, trade wars, tariffs, protectionist regulatory policies, currency exchange controls, national and international political circumstances and developments, and other circumstances (including wars, epidemics and pandemics, terrorist acts, security operations and natural disasters), as well as changes in government policy precipitated by the foregoing. These and other factors may affect the level and volatility of securities prices, the correlations and relationships between the prices of various securities and the liquidity of a Client's investments in ways that impair a Client's profitability or result in losses. Unpredictable or unstable market conditions may also result in reduced opportunities to find suitable investments to deploy capital or make it more difficult to exit and realize value from a Client's

investments. From time to time, including during the COVID-19 global pandemic and during 2008 and 2009, various markets around the world have experienced extreme periods of volatility, illiquidity, correlation with other markets, negative (or positive) performance and other disruptions and conditions that would previously have been viewed as extremely unlikely or even impossible. Such market developments have led to large losses and insolvencies at numerous investment funds soon thereafter. For example, during the second half of 2008, the state of the worldwide economy deteriorated into a severe recession. A similar or even more severe economic recession (or depression) could result or occur from the global response to, and as a result of, the COVID-19 global pandemic. If so, or if a similar economic situation were to occur in the future, a Client could experience a reduction in attractive investment opportunities and a Client's investments could be materially impaired in many ways that cannot be predicted.

Force Majeure Risks. Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, weather, earthquakes, war, terrorism, labor strikes, outbreaks of disease and potentially other events or occurrences. Force majeure events in the United States and elsewhere in the world may adversely affect the ability of CEM, its affiliates or agents or the parties with whom they do business to perform their respective obligations, under a contract or otherwise. In addition, dealing with any force majeure event will divert CEM's time and effort, and the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged service interruptions may result in permanent loss of customers, substantial litigation, or penalties for regulatory or contractual non-compliance. In some cases, project agreements can be terminated if the force majeure event is so catastrophic so as to render it incapable of remedy within a reasonable, pre-agreed time period. Force majeure events that are impossible or costly to cure may also have a permanent adverse effect on a Client or its investments, and a Client's potential returns would be diminished as a result.

Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues. Clients and the operations and business activities of CEM and its affiliates could be materially adversely affected or impacted in the future by the continuation or worsening of the COVID-19 global pandemic and other outbreaks of disease, epidemics, pandemics and public health issues, whether globally or limited to particular regions of the world, such as diseases or public health issues caused by other novel coronaviruses (including as a result of the emergence of new coronaviruses), Ebola virus disease, H1N1 flu, H7N9 flu, H5N1 flu (and other types or subtypes of influenza viruses), Severe Acute Respiratory Syndrome, or SARS, or other epidemics, pandemics, outbreaks of disease or public health issues. In particular, coronavirus disease 2019 (or COVID-19), an infectious disease caused by Severe Acute Respiratory Syndrome coronavirus 2 (SARS-CoV-2), was first identified in December 2019 and has since spread rapidly globally, resulting in an ongoing global pandemic. The COVID-19 global pandemic has severely and materially affected (and may continue to negatively affect and materially impact) the global economy, global equity markets and supply chains (including as a result of quarantines, shelter-in-place orders, social-distancing measures and other government-directed or mandated measures or actions to stop or slow the spread of SARS-CoV-2 and COVID-19). Although the short-term and long-term effects and consequences of COVID-19 (and the actions and measures taken or mandated by governments around the world to halt or slow down the spread of SARS-CoV-2 and COVID-19) cannot currently be predicted, previous occurrences of other epidemics, pandemics and outbreaks of disease, such as the 1918 influenza pandemic (also referred to as the Spanish flu pandemic) and the 2002-2004 SARS outbreak in Asia, had material adverse effects on the economies, capital markets and basic day-to-day operations of (and activities in) those countries and jurisdictions in which they were most prevalent. Recent efforts, actions and measures undertaken by governments, businesses and communities to protect the public health in the face of the COVID-19 pandemic (including measures designed or intended to "flatten the curve" and protect the healthcare systems in such applicable countries and jurisdictions from collapse or undergoing significant breakdowns) have resulted in partial or complete shutdowns of many sectors of the

economy generally as well as severe restrictions, limitations and consequences on the means by which CEM operates its business (e.g., travel restrictions or bans, mandatory quarantines, shelter-in-place orders and social distancing measures and rules), which could adversely affect or negatively impact the business, activities, financial condition, and operations of CEM and Clients indefinitely. If and to the extent the economy and businesses begin to reopen and are allowed to resume operations or activities and people begin to return to more frequent personal or social interactions, there is a risk of recurrence of an outbreak of COVID-19, and such a recurrence or emergence of any kind of epidemic, pandemic, outbreak of disease or major public health issue could cause another slowdown or shutdown in the levels of economic activity and business activities and operations generally, or push the world or local economies into recession or depression, which could adversely affect and materially impact CEM and Clients.

The impact of a health crisis such as the COVID-19 pandemic, and other epidemics, pandemics and outbreaks of disease that may arise in the future, depends on the duration and spread of the outbreak, the severity, the actions to contain, slow down or halt the spread of the virus or treat its impact, and how quickly and to what extent normal or semi-normal economic and operating conditions can resume, which could affect the global economy in ways that cannot necessarily be foreseen at the present time. A health crisis may exacerbate other pre-existing political, social and economic risks. Any such impact could adversely affect a Client's performance, resulting in losses to investors in the Client.

The COVID-19 pandemic and actions, measures and steps taken by governments around the world in response to such pandemic may cause material disruptions to (or otherwise materially impact or affect) the business operations and activities of service providers on which Clients and CEM rely (including, among others, administrators, custodians and counterparties). It may also adversely impact a Client's investments, the ability of CEM to access markets or implement a Client's investment strategies in the manner originally contemplated, a Client's net asset value and therefore the investors in the Client.

Competitive Nature of Funds' Business. The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. Clients will be competing for investments with many other investment vehicles, as well as individuals, publicly-traded companies, financial institutions and other institutional investors. Although CEM will seek to avoid competitive situations, competition for investments may have the effect of increasing the costs, thereby reducing investment returns to a Client. CEM may be unable to identify a sufficient number of attractive investment opportunities for Clients to meet their investment objectives. Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with the borrower, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of CEM. Further, over the past several years, an increasing number of private investment funds focused on real estate acquisition have been formed (and many such existing funds have grown in size). No assurance can be given that Clients will be successful in obtaining suitable investments, or that if such investments are made, the objectives of a Client will be achieved.

General Risks of Real Estate Investment. All real estate investments are subject to some degree of risk. For example, real estate investments are relatively illiquid and, therefore, will tend to limit a Client's ability to vary its portfolio promptly in response to changes in economic or other conditions. No assurances can be given that the fair market value of any real estate investments held by a Client will not decrease in the future or that a Client will recognize full value for any investment that the Client is required to sell for liquidity reasons. Other risks include changes in zoning, building, environmental and other governmental laws, political or local opposition, changes in operating expenses, changes in real estate tax rates, changes in interest rates, changes in the availability of property relative to demand, changes in costs and terms of mortgage funds, energy prices, changes in the relative popularity of properties, changes in the number of buyers and sellers of properties, the ongoing need for capital

improvements, cash-flow risks, construction risks, as well as natural catastrophes, acts of war, terrorism, civil unrest, uninsurable losses and other factors beyond the control of CEM.

Environmental Risks of Real Estate. Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up any hazardous or toxic substances or petroleum product releases at such property and may be liable to a governmental entity or to third parties for property damage and for investigation and cleanup costs incurred by such parties in connection with contamination. These laws typically impose clean up responsibility and liability without regard to whether the owner knew of or caused the presence of the contaminants, and the liability under such laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances or the failure to properly remedy the contamination on such property may adversely affect a Client's ability to sell such property or to borrow using such property as collateral. Persons who arrange for the disposal or treatment of hazardous or toxic substances or petroleum products at a disposal or treatment facility may also be liable for the costs of removal or remediation of a release of hazardous or toxic substances or petroleum products at such disposal or treatment facility, whether or not the facility is owned or operated by such person. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with contamination. The owner of a site may also be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. In connection with its ownership and operation of real estate assets, a Client may incur liability for such environmental costs. Additionally, changes in environmental laws or in the environmental condition of an asset may create liabilities that did not exist at the time of acquisition and that could not have been foreseen.

Insurance May Not Cover All Costs. Clients will endeavor to obtain insurance coverage of the type and in the amount customarily obtained by owners of properties similar to the real property that they acquire. A Client's assets or properties may be damaged by adverse weather conditions and natural disasters such as earthquakes, tsunamis, wind, hail, floods, landslides, and fires. In addition, a Client's assets or properties may be subject to environmental liabilities and the Client will be exposed to personal injury liability for accidents which may occur on its properties. A Client's insurance may not be adequate to cover all damages or losses from these events, or it may not be economically prudent to purchase insurance for certain types of losses, such as hurricanes or earthquakes. As a result, a Client may incur significant costs in the event of adverse weather conditions and natural disasters or events which result in damage or personal injury. If a Client experiences losses that are uninsured or exceed policy limits, the Client could incur significant uninsured costs or liabilities, lose the capital invested in the assets or properties, and lose the anticipated future cash flows from those assets or properties. In addition, a Client's environmental or personal injury liability may result in losses substantially in excess of the value of the related asset or property.

Americans with Disabilities Act and Similar Laws. Under the Americans with Disabilities Act of 1990 ("ADA"), all public accommodations must meet federal requirements related to access and use by disabled persons. If one or more of the properties in a Client's investments does not comply with the ADA, then the Client may be required to incur costs to bring the property into compliance, which may or may not have been foreseen at the time of acquisition. Future changes to federal, state and local laws also may require modifications to a Client's properties or restrict a Client's ability to renovate its properties. CEM cannot predict the ultimate cost of compliance with the ADA or other legislation. If a Client incurs substantial costs to comply with the ADA and any other similar legislation, the Client's financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy its debt service obligations could be materially adversely affected.

Capital Improvements. Beyond customary repairs, a Client may undertake improvements designed to optimize overall asset or property appeal and increase the value of the asset or property when such improvements can be done cost effectively. Many of a Client's assets may require some level of capital improvement upon their acquisition or in the future, and some improvements may be extensive. In addition, in order to reposition properties in the market, a Client may be required to make ongoing capital improvements and may need to perform significant improvements from time to time. Clients will be exposed to the risks inherent in property renovation, including potential cost overruns, increases in labor and materials costs, delays by contractors in completing work, delays in the timing of receiving necessary work permits and certificates of occupancy and poor workmanship. If the assumptions regarding the cost or timing of restorations across assets or properties prove to be materially inaccurate, the Client will be adversely affected.

Risky and Illiquid Investments. With respect to investments in the form of real property owned by a Client, the Client will incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. There is no assurance that there will be a ready market for resale of investments because investments in real estate generally are not liquid. Illiquidity may result from the absence of an established market for the resale of investments, as well as legal or contractual restrictions on their resale by a Client. The possibility of partial or total loss of capital will exist and investors should not invest in a Client unless they can readily bear the consequences of such loss.

Contingent Liabilities upon Disposition of Investments. In connection with the disposition or realization of an investment, a Client may be required to make certain representations about the business and financial affairs of the applicable investment that are typical of those made in connection with the sale of such type of investment and may be responsible for the content of disclosure documents under applicable laws. The Client may also be required to indemnify the purchasers of such investment to the extent that any such representations or disclosure documents turn out to be inaccurate or misleading (or to the extent that the investment does not have sufficient assets to cover such liabilities). These and other similar arrangements may result in contingent liabilities, which may ultimately be required to be funded by the investors of a Client to the extent that such investors have received prior distributions from the Client with respect to such investment.

Co-Investments; Joint Ventures; Third Party Involvement. Clients may enter into joint venture or co-investment arrangements or otherwise participate in pooled investment vehicles or vehicles with others, if CEM determines that such an arrangement represents a preferred way to access a particular investment opportunity or otherwise expand the investment expertise available to the Client. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a co-venturer or partner of the Client may at any time have economic or business interests or goals which are inconsistent with those of the Client, or may be in a position to take action contrary to the Client's investment objectives.

Leverage and Borrowing. Clients will engage in certain investment activities that involve borrowing or the use of leverage. While leverage and borrowing presents potential opportunities for increasing a Client's total return, it may potentially increase losses as well. Accordingly, any event that adversely affects the value of an investment by the Client would be magnified to the extent leverage is used. The cumulative effect of the use of leverage by a Client in a market that moves adversely to the Client's investments could result in a loss to the Client that would be greater than if leverage had not been used, including loss of the entire investment and also the possibility of loss exceeding the original amount of a particular investment. To the extent that a Client engages in any borrowing or utilizes leverage, it will be subject to the risks normally associated with debt financing, including those relating to the ability to refinance and the insufficiency of cash flow to meet principal and interest payments, which could

significantly reduce or even eliminate the value of the Client's investment. Leveraging the capital structure will mean that third parties, such as banks, may be entitled to the cash flow generated by such investments prior to the Client receiving a return. Also, if an asset of a Client is mortgaged or otherwise used as collateral to secure repayment of indebtedness and such payments are not made, the asset could be foreclosed upon by the lender or otherwise transferred to the lender.

There are also financing costs associated with leverage and borrowing and such costs will be borne by the Client and therefore may adversely affect the rate of returns obtained by the Client. In addition, each leveraged investment will involve interest rate risk, including to the extent that financing charges for such leveraged investment are based on a predetermined interest rate. The Client's assets, including any investment made by the Client and any capital held by the Client, will be available to satisfy all liabilities and other obligations of the Client. If the Client defaults on secured indebtedness, the lender may foreclose and the Client could lose its entire investment in the collateral for such loan. If the Client itself becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Client's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability. Furthermore, to the extent that the Client draws capital from a subscription line or credit facility to fund investments (rather than drawing down capital from undrawn capital commitments of investors), the amount and timing of contributions and distributions to the investors may be affected in a manner that in some circumstances could be potentially adverse to the investors of the Client.

No assurance can be given that financing for the Client's investments will be obtained by the Client, or obtained on favorable or acceptable terms. In addition, once initial financing is obtained by the Client, no assurance can be given that such financing will subsequently be available throughout the life of the Client or any individual investment, or that replacement financing can be obtained as intended by the Client or CEM. If the Client is unable to obtain financing, this may have a material adverse effect on the Client's ability to achieve its investment objectives and the return on invested capital.

Capital Calls and Use of Subscription Lines and Credit Facilities. Clients may enter into one or more credit or subscription-line facilities or other borrowing arrangements pursuant to which some or all of the Client's portfolio assets and/or the unfunded capital commitments of the investors of the Client have been or may be charged, pledged or assigned as collateral security for (a) amounts borrowed by the Client and/or (b) guarantees by the Client of any such financing vehicle's obligations. Such credit facilities or guarantees are or may be secured by an assignment and/or pledge of the investors unfunded capital commitments and/or the Client's portfolio investments and assets. In relation to the above, the general partner of a Client may (i) pledge or assign any or all of the assets of the Client including the investors' unfunded capital commitments as collateral or security for the financing of the Client and (ii) pledge, assign or delegate to third party lenders (or their agent) the right to (x) deliver drawdown notices on behalf of the Client with respect to capital commitments, the proceeds of which will be deposited into an account of the Client that may be subject to a lien, security interest, pledge in favor of the third party lenders (or their agent) and may be used to pay outstanding amounts in respect of any such financing and borrowing, (y) enforce all available remedies against investors that fail to make such capital contributions pursuant to drawdown notices and (z) declare and treat such investors as defaulting investors to the extent provided in the Account Documents. Any such credit facilities may provide for joint and several liability with respect to the Client and any other Client managed or advised or sponsored by CEM or an affiliate thereof; *provided* that to the extent that the Client pays any such amounts on behalf of any other Client managed by CEM or its affiliate, such other Client will, to the fullest extent permitted by applicable law, be required to indemnify and reimburse the Client (and vice versa). Investors may be required to acknowledge their obligation to pay their share of such indebtedness up to the amount of their unfunded capital commitments or to acknowledge the right of such lender to call on such investors, and may be limited in their ability to use their interests as collateral for other indebtedness or in their ability to transfer their interests. In relation to the above, each investor may have to, for the benefit of any third party

lenders (or their agent), acknowledge its obligations to (A) make capital contributions, (B) fund direct payments to an account of the Client pursuant to the Account Documents in an amount not to exceed such investor's uncalled capital commitment, (C) execute and deliver such documents as may be reasonably required to acknowledge and perfect the security interest in its uncalled capital commitment as provided in the Account Documents, and (D) for so long as such financing or borrowing is in place, agree (i) to waive any present or future claims or rights, as well as any right of retention, defense, privilege, right of set-off, any counterclaim or any similar rights it may have in respect of its uncalled capital commitments or its capital contributions and its payments obligations in connection therewith, and (ii) to acknowledge and accept that any other claims that such investors may have against the Client, or against the general partner of the Client solely in respect to claims on the Client's assets, will be subordinated to any payment due to the lenders (or their agent) under such financing or borrowing. In addition, investors may be required to execute and deliver such documents and take such actions as may be necessary or desirable, as determined by the general partner of the Client in its sole discretion, to obtain, maintain and comply with the terms of such credit facility. The Account Documents may provide a lender with the right to receive detailed due diligence and credit related information regarding the investors. The general partner of the Client reserves the right, in its sole discretion, to waive these requirements for certain investors, which may have an adverse effect on the Client's ability to obtain such credit facility and/or the terms thereof. Capital calls, including those used to pay interest on subscription lines, asset-backed facilities and other indebtedness of the Client, may be "batched" together into larger, less frequent capital calls, with the Client's interim capital needs being satisfied by the Client borrowing money from such credit facilities. In particular, capital needs of the Client during the fundraising period may be met through drawdowns from such credit facilities rather than capital calls. The interest expense and other costs of any such borrowings will be Client expenses and, accordingly, decrease net returns of the Client. In addition, the use of a subscription-based credit facility may present conflicts of interest because the interest rate on such borrowings are typically less than the rate of the preferred return and such preferred return does not accrue on such borrowings but only accrues on capital contributions when made. As a result, use of such interim leverage arrangements with respect to investments may reduce or eliminate the preferred return received by certain investors and accelerate or increase carried interest distributions, providing CEM with an economic incentive to fund investments through longer-term borrowings in lieu of drawing down capital commitments. As a general matter, use of borrowings in lieu of drawing down capital commitments amplifies IRRs (either negative or positive) to investors. Subject to the limitations in the Account Documents, the use of a subscription-based credit facility by the Client will be within the general partner's discretion.

Syndication Activity. Clients may make one or more investments in an amount in excess of the Client's desired or optimal allocation determined in accordance with CEM's allocation policy in effect at the time of such investment and seek to syndicate or sell all or a portion of such investment within twelve (12) months of the date of the closing of such investment to one or more persons or entities as determined by CEM or the general partner of the Client in its discretion (including, without limitation, to one or more investors, one or more other funds, vehicles and/or clients managed, sponsored, established and/or operated by CEM or an affiliate thereof). If the Client is unable to syndicate or sell all or a portion of such investments, then it is possible that the Client may be required to keep or hold such investments resulting in an investment allocation greater or larger than what CEM generally would consider or deem to be optimal or desirable for the Client. The risk of not being able to syndicate may increase in the event an investment decreases in value during the syndication period, and the Client may be required to bear losses in connection with such investment.

In-Kind Distributions. Although Clients generally intend to make distributions to investors in cash or marketable securities, it is possible that under certain circumstances (including, without limitation, in respect of the termination of the Client), the general partner of a Client may in its discretion cause the Client to make in-kind distributions of financial instruments or other assets owned by the Client to

investors, which may be illiquid or subject to restrictions on resale or transfer. Investors may be required to hold any such securities, financial instruments or assets distributed in-kind for an indefinite period of time. There can be no assurance that the Client or any investor will be able to liquidate any security, financial instrument or asset or that any such liquidation will be at a price favorable to it. In general, the general partner of a Client will be responsible for determining the value or deemed value of any assets or investments distributed in-kind to the investors, and any such valuation determinations will be conclusive and binding on the Client and all investors.

Cybersecurity Breaches and Identity Theft. The Client, CEM, and their respective service providers depend on information technology systems and, notwithstanding the diligence that CEM may perform on its or the Client's service providers, it may not be in a position to verify the risks or reliability of such information technology systems. The Client, CEM, and their service providers are subject to risks associated with a breach in cybersecurity. "***Cybersecurity***" is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. CEM's, the Client's and their information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although CEM and its affiliates expect to implement various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, CEM and/or the Client may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in CEM's and the Client's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm CEM's or the Client's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to the Client or individual investors by interfering with the operations of CEM, its affiliates and/or CEM's other Clients. The Client may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose one or more of the Client and/or CEM to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and the Client may be required to indemnify CEM against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

Privacy and Data Protection Risk. CEM and its affiliates process personal information, including by storing and maintaining personal data related to their respective investors, members, affiliates, employees and representatives, natural person investors, service provider representatives, customers and others. Such processing of personal information, which may also include the use of third-party processors and cloud-based services, will impose legal, operational and regulatory risks on CEM and its affiliates and agents. In recent years, there has been an increase in legal requirements relating to the collection, storage, use and transfer of personal information, and the legal framework around such matters is expected to continue to develop at both the international and state level. Certain activities of CEM and its affiliates may, for example, be subject to the California Consumer Privacy Act and other foreign, federal and state privacy laws such as the European Union's General Data Protection Regulation. CEM and/or its affiliates may not be able to accurately anticipate the ways in which regulators and courts will apply or

interpret the law, and implementation, interpretation or application of privacy and data protection laws in a manner inconsistent with CEM's expectations may adversely affect the Client. For example, the failure of CEM, or one or more of its affiliates providing services to the Client, to comply with privacy and data protection laws could result in negative publicity, operational disruptions, and may subject the Client to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities or penalties and mandatory remediation. The same risks will apply to any affiliates or agents of the Client or CEM should they fail to comply with privacy and data protection laws. If CEM or its affiliates uses or discloses information improperly or suffers a security breach impacting personal information, it may be obligated to notify government authorities, stakeholders or individuals affected, which may divert CEM's and/or its affiliates time and effort and entail operational disruptions, loss of market confidence and goodwill and substantial expense, particularly if any litigation or enforcement action or mandatory remediation were to also arise out of such breach.

Risks Related to Electronic Communication. CEM will provide or furnish statements, reports and other communications relating to the Client and/or an investor's interests in electronic form, such as email or via a website ("***Electronic Communications***"). Electronic Communications may be modified, corrupted, or contain viruses or malicious code, and may not be compatible with an investor's electronic system. In addition, reliance on Electronic Communications involves the risk of inaccessibility, power outages or slowdowns for a variety of reasons. These periods of inaccessibility will delay or prevent receipt of reports or other information by the investors.

Item 9 – Disciplinary Information

There are no legal or disciplinary events to report regarding us or any of our directors, executive officers, or principals regarding any criminal or civil actions in a domestic, foreign, or military court.

Neither us nor any of our directors, executive officers, or principals has been involved in any administrative proceedings before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

Neither us nor any of our directors, executive officers, or principals has been involved in any self-regulatory organization proceedings.

Item 10 – Other Financial Industry Activities and Affiliations

We provide and perform various investment management, advisory and other services with respect to Clients. The general partner of each Client typically is a special purpose vehicle established by us or our affiliates to act and serve as general partner with respect to a Fund. An affiliate of CEM is also established to receive the carried interest distributions from each Client, and various employees and personnel of CEM, together with any strategic partners, advisory board or committee members or other persons selected and determined by us in our discretion, will be members or partners of such affiliate.

As disclosed in Item 4, CEM is affiliated and under common control with Hayman Capital Management, L.P., a Delaware limited partnership and SEC registered investment adviser. Hayman is also wholly owned and controlled by Mr. Bass, and his activities and duties with respect to Hayman may present actual or potential conflicts of interest (including with respect to the devotion of time by Mr. Bass).

We intend to appoint, engage and retain Conservation Equity Partners, LLC or an affiliate thereof ("***Project Manager***"), as project manager to manage and operate the conservation equity bank business and activities of each Client and the properties owned directly or indirectly thereby. The Project Manager is ultimately owned and controlled by Terry Anderson, who is also a principal of CEM. As project

manager, the Project Manager will be responsible for, among other things, (i) the permitting, development, construction, operation and management of Client mitigation banks and oversight of the marketing and sale of credits with respect to Client conservation mitigation banks, and (ii) the management and monetization of conservation bank properties owned directly or indirectly by the Client, including but not limited to the sale of fee simple title to such bank properties and any other revenues that can be generated from such bank properties on behalf of the Client. As consideration for the services provided by the Project Manager, the Project Manager will be entitled to receive from the Client, and the Client will pay to the Project Manager, certain fees and compensation, including, without limitation, project management fees, construction management fees and property management fees pursuant to the terms and conditions set forth in the applicable agreements entered into between the Project Manager and the Client (such fees that are or may be due and payable to the Project Manager, the “***Project Manager Fees***”). A Client will be required to bear and pay all Project Manager Fees charged by the Project Manager in connection with its services to the Client and its properties, and such Project Manager Fees will not result in any offset or reduction to the management fee or other fees payable by the Client or investors. The Client will also be required to pay or bear (or reimburse the Project Manager or an affiliate) for any and all fees, expenses and other expenditures required or appropriate to operate the conservation mitigation bank business with respect to the Client.

Certain of our employees, officers, members and/or affiliates may serve (and may in the future serve) as directors, officers or committee members of companies or other businesses or ventures, and our employees, officers and affiliates are or will be involved in activities, businesses and ventures in addition to, and separate and apart from, CEM or the Clients. Such persons will face conflicts of interest from time to time between discharging their duties as directors, officers or committee members, as the case may be, of such companies and acting in the best interest of the applicable Clients. In certain circumstances, actions that may be in the best interest of the company may not be in the best interests of our Clients, or vice versa. Our affiliates may receive compensation from companies in their capacities as directors, officers or committee members and this compensation generally will not be shared with our Clients; *provided* that such amounts (or a portion of such amounts) may reduce or offset all or a portion of the management fees that would otherwise be payable with respect to our Clients, as set forth in the Account Documents of the Client. Our affiliates and employees will provide and may in the future provide services to enterprises that compete with investments for customers, suppliers, management or financial resources or in other respects. In addition, our affiliates and employees may assist other enterprises in obtaining capital and in acquisitions and divestitures of businesses, which may conflict with the interests of investments.

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

We have adopted and implemented a code of ethics, which sets forth standards of business conduct for our supervised persons. Our code of ethics is primarily designed to educate supervised persons about our philosophy regarding ethics and professionalism, emphasize our fiduciary duties to Clients, encourage supervised persons to comply with applicable laws, prevent the misuse of material non-public information and, the circulation of rumors and other forms of market abuse and address conflicts of interest that could arise from personal trading by supervised persons. Among other things, we impose certain restrictions on supervised persons relating to the purchase or sale of certain securities for their own accounts and the accounts of certain affiliated persons. In addition, we maintain a restricted list that contains issuers and securities in which supervised persons generally are not permitted to trade without the prior approval of the Chief Compliance Officer. The restricted list includes, for example, an issuer about which we and/or our affiliates may have acquired, or may otherwise be in possession of, material, non-public information. Supervised persons generally are required to disclose and report their personal securities transactions and personal securities holdings. We also maintain certain policies and procedures designed to prevent supervised persons from misusing material non-public information. We will furnish a copy of our code of

ethics to Clients upon request.

In addition to the code of ethics, we also prepared and adopted a compliance manual which sets forth various additional compliance policies and procedures with respect to CEM, including various procedures and policies that are reasonably designed to ensure compliance by CEM and its personnel with the Advisers Act and other applicable securities laws.

Our supervised persons may on occasion offer or accept or provide gifts or invitations to entertainment but generally attempt to avoid any activity that would create a material conflict of interest or impropriety in the course of our business relationships. Our gifts and entertainment policy implements internal controls to monitor such activity, including requiring supervised persons to report to, and/or obtain prior approval from, the Chief Compliance Officer before accepting or providing gifts and entertainment of significant value or that may otherwise be inappropriate under the circumstances.

Subject to the terms and conditions set forth in the applicable Account Documents, our supervised persons devote as much of their time to the activities of the applicable Client as they deem necessary or appropriate in their discretion. Except as otherwise set forth in the applicable Account Documents, our supervised persons are not restricted or prohibited from forming or sponsoring additional private investment funds, from entering into other investment advisory relationships, or from engaging in other business activities, even though such activities may be in competition with a Client and/or may involve substantial time and resources of us and the applicable general partner (and our respective affiliates and agents). Notwithstanding the foregoing, the Account Documents of Clients generally prohibit CEM and its supervised persons from forming or sponsoring additional investment funds with the same or substantially similar investment objectives, strategy and scope as a Client until, among other things, (i) the expiration or termination of the Client's investment period, or (ii) the date on which at least seventy percent (70%) of the aggregate capital commitments of the Client's non-defaulting investors have been drawn, reserved for follow-on investments, set aside for transactions as to which the Client has entered into a commitment or letter of intent or reserved for reasonably anticipated expenses.

Additionally, we may, to the extent we deem to be necessary or appropriate in our discretion, offer or permit one or more persons to directly or indirectly invest in or alongside our Clients in any particular investment opportunity, and we and certain of our employees and affiliates may receive fees and other benefits in connection with such investments. Where necessary or appropriate, CEM and its respective affiliates may establish, sponsor or manage one or more additional limited partnerships or similar investment vehicles or entities to provide one or more persons with the opportunity to co-invest with a Client directly or indirectly in certain investments. CEM generally will offer any co-investment opportunity that it determines in its discretion to be available to the Initial Closing Investors on a pro rata basis in accordance with their respective capital commitments prior to offering or otherwise making available such co-investment opportunity to any other persons other than strategic investors, the general partner of a Client, CEM and/or their affiliates or any other persons deemed by CEM to be appropriate or necessary (including, without limitation, management team members or selling shareholders). To the extent CEM determines in good faith that the foregoing procedures would not be practicable or in the best interests of a Client or otherwise feasible with respect to a particular co-investment opportunity, then such opportunity may be offered and allocated to any other persons deemed by CEM to be appropriate.

Provided further, we or our supervised persons may cause a Client to make one or more investments in an amount in excess of the Client's desired or optimal allocation determined in accordance with CEM's allocation policy in effect at the time of such investment and seek to syndicate or sell all or a portion of such investment within twelve (12) months of the date of the closing of such investment to one or more persons or entities as determined by CEM or the general partner of the Client in its discretion (including, without limitation, to one or more investors, one or more other Funds, vehicles and/or Clients managed,

sponsored, established and/or operated by CEM or an affiliate thereof).

CEM, our supervised persons and our affiliates may have differing financial interests, direct or indirect, in the performance of our Clients. In the event we or our supervised persons decide to engage in such activities in the future with respect to any Client, such activities will be conducted in a manner that is consistent with fiduciary duties to Clients and the terms of the applicable Account Documents. Nevertheless, these activities could be viewed as creating a conflict of interest. For example, the time and effort of our supervised persons will not be devoted exclusively to the business of the applicable Client but will be allocated between the business of such Client and the management of the monies of other of our advisees. Additionally, we may have an incentive to favor other Clients with regard to the allocation of opportunities or participation in particular investments and with regard to the terms of any transactions among Clients. We also may face conflicts between the interests of our Clients and between the interests of different groups of investors in our Clients.

In allocating investment opportunities, to the extent CEM deems a particular investment opportunity to be suitable and appropriate for the Client in its discretion, the Client generally will have first priority as to such investment or opportunity. CEM's current policy is to seek to allocate all suitable investment opportunities among its Clients such that, in the absence of capacity constraints or other issues, each of them is allocated the full amount determined or deemed by CEM, in its sole discretion, to be appropriate for such Client. To the extent that a Client is limited in any way by capacity constraints, CEM will seek to allocate an amount determined or deemed to be appropriate for such client. If CEM determines, in its sole discretion, that any investment opportunity is outside of the objectives and guidelines of the Client or there are capacity constraints that for any reason limit the Client from being allocated the entirety of such investment opportunity, CEM generally may allocate, offer or make available the excess capacity to one or more other Clients, a successor fund, co-investors and/or other persons (including CEM, Mr. Bass, Mr. Anderson and their affiliates or related entities), based upon such factors and considerations that CEM deems or considers to be relevant or appropriate or applicable under the circumstances (including, without limitation, the terms and requirements set forth in the Account Documents of Clients, the amount of capital then available for investment by the Client relative to other anticipated investment opportunities, and the investment guidelines and restrictions of the Client and other applicable persons).

We or our affiliate may cause our Clients to enter into various transactions, arrangements and agreements involving actual or potential conflicts of interest (including, without limitation, related party transactions or investments in which we or one or more of our affiliates has a financial or other interest). We review transactions involving actual or potential conflicts of interest and endeavor to take such steps as we deem necessary or appropriate to ensure that the terms of such transactions are fair and reasonable under the circumstances.

Pursuant to the applicable Account Documents, our Clients have established or may establish an advisory committee or advisory board, as applicable, comprised of representatives of the limited partners appointed by the general partner of our Clients. The advisory committee or advisory board, as applicable, generally is responsible for reviewing and/or approving various matters and transactions set forth in the Account Documents of our Clients, including reviewing and approving (or rejecting) proposed actions with respect to actual or potential conflicts of interest.

The general partners of our Clients may in their discretion seek the approval of the advisory committee or advisory board, as applicable, in connection with (i) approvals that are or would be required under the Advisers Act, including Section 206(3) thereunder or a deemed assignment pursuant to Section 205(a)(2) under the Advisers Act, or (ii) any other matter deemed appropriate by such general partner.

Neither we nor any of our affiliates may engage in any principal transaction with a Client unless it complies with applicable law and the policies and procedures relating to such transactions that are set forth in the Account Documents of such Client. In order to ensure that it obtains the requisite consent required by Section 206(3) of the Advisers Act, neither we nor any of our affiliates generally will engage in any principal transaction with a client without the prior approval of the applicable Client's advisory committee, to the extent established (or the approval of a majority in interest of the investors of such Client).

Item 12 – Brokerage Practices

Our advisory business generally will involve direct or indirect investments in real estate properties and real estate related assets which are not securities and are acquired in privately negotiated transactions with prospective buyers and sellers. Accordingly, we generally do not use, select or otherwise recommend broker-dealers or other counterparties in connection with the investment activities of Clients. In the event that we are called upon to select and/or recommend broker-dealers or other counterparties to Clients in the future, we will implement and adopt policies and procedures reasonably designed to ensure that such brokers are selected in a fair and equitable manner and will promptly amend this Brochure to disclose such policies and procedures.

Item 13 – Review of Accounts

We generally conduct periodic reviews and monitoring of Client accounts and investments in a manner that is consistent with our fiduciary duty to each Client. To this end, Mr. Bass and Mr. Anderson generally will conduct periodic reviews of Clients, their investments and assets on at least a quarterly basis, or more frequently in response to certain events or circumstances that have or may have a material effect on the portfolio or all or a subset of investments. In connection with such reviews, we focus on changes in economic, political or market conditions in relation to, among other things, property positioning, financial models and analysis, capital expenditure budgets, operations expenses, cash flow analysis and forecasting to assess each property's perceived risks and future market opportunities. With respect to accounting matters, we engage an independent public accounting firm to conduct annual audits of each Client's financial statements.

In general, investors in our Clients are provided with quarterly and annual portfolio reports and annual audited financial statements. Our Clients' financial statements for each fiscal year are prepared in accordance with U.S. generally accepted accounting principles and audited by an independent public accounting firm selected by the applicable general partner. Our Clients furnish to investors within one hundred twenty (120) days after the end of each fiscal year (or as soon as reasonably practicable thereafter) annual audited financial statements, along with any other tax information required by law. Our Clients generally furnish to each investor within sixty (60) days after the end of each of the first three (3) fiscal quarters of each fiscal year (or as soon as reasonably practicable thereafter), commencing with the first fiscal quarter on which the general partner delivers a drawdown notice, a summary of that investor's capital account, aggregate unfunded capital commitment and aggregate capital contributions to date. The general partner of each Client provides Schedules K-1 on an annual basis to investors. Certain investments may cause a Client to file for an extension with respect to its own income tax return which, in turn, may cause a delay in distributing Schedules K-1 to such Client's investors.

We may provide additional information to a Client's advisory committee at its meetings and/or in conjunction with completing its required activities. As provided in side letter agreements or arrangements with certain investors in our Clients, we may provide additional information to such investors that is not distributed to other investors in our Clients.

Item 14 – Client Referrals and Other Compensation

Neither we nor any of our affiliates generally receive any economic benefit from a non-Client for providing investment advice or other advisory services with respect to our Clients. Nevertheless, some investments may pay certain fees to our affiliates, including (among others), fees related to transaction advisory services and monitoring activities, onboarding fees, exit fees and transaction fees. We and/or our affiliates may also earn fees (such as break-up or topping fees) in connection with any transaction that is not consummated. **See Item 5.**

We may engage, appoint or retain, certain third-party placement agent(s) in connection with the offering of interests in certain Funds or other vehicles to prospective investors. As compensation for their services, such persons receive or may receive compensation from us (or our affiliates) which consists of, among other things, (i) a percentage of the management fees and/or carried interest distributions, (ii) an allocation paid to us or our affiliates with respect to such investors and Clients, (iii) a percentage of an investor's capital commitment, or (iv) a flat fee. Investors generally are not charged any higher or additional fee as a result of such agreements or arrangements. In every instance, all arrangements and payments of placement agent fees will be disclosed to applicable investors.

Item 15 – Custody

Due to our affiliation with the general partners of our Clients, we may be deemed to have custody of our Clients' cash and securities for purposes of Rule 206(4)-2 under the Advisers Act. In accordance with Rule 206(4)-2, our Clients' cash and securities (except for privately placed securities) are maintained at one or more qualified custodians. We or an affiliate may change custodians of our Clients at any time and from time to time without the consent of, or notice to, applicable investors.

In general, and to the extent required by law, independent public auditors, which are registered with and subject to inspection by the PCAOB, conduct annual audits of our Clients, and audited financial statements (prepared in accordance with U.S. generally accepted accounting principles) are provided to investors on an annual basis. Such statements with respect to all Clients generally are provided to investors within one hundred twenty (120) days after the end of each fiscal year (or as soon as reasonably practicable thereafter), but there can be no assurance that we will be successful in this regard. Qualified custodians are not expected to provide account statements directly to investors in our Clients.

Item 16 – Investment Discretion

Subject to the applicable Account Documents, we generally have discretionary power and authority over the types of investments to be bought and sold, as well as the amount to be bought and sold, on behalf of each of our Clients. In addition, we generally have the authority to select, retain and engage the service providers, counterparties and vendors to perform and provide services with respect to each Client, and the negotiation of fees, commissions and compensation to be paid or payable to such persons by Clients.

Each investor in our Clients generally grant the general partner of the applicable Client a limited power of attorney to enable the general partner to take various ministerial actions with respect to our Clients on its behalf. We or the general partner of a Client have the authority to act on behalf of the applicable Client in connection with the acquisition and disposition of investments.

Item 17 – Voting Client Securities

While the general partner of a Client or CEM generally are deemed to have proxy voting authority on behalf of a Client, we generally do not expect to be called upon to exercise such proxy voting authority because our Clients typically invest in real estate properties and assets, and not securities.

Nevertheless, in the event that the general partner of a Client is called upon to vote proxies, they will vote such proxies in accordance with the proxy voting policies and procedures in our compliance manual. In general, proxy proposals, amendments, consents or resolutions will be required to be voted in a manner that serves the best interests of the applicable Client, as determined in the discretion of the general partner of the Client. The general partner of a Client will attempt to identify actual or potential conflicts of interest that could compromise the independence of voting decisions when voting a proxy on behalf of a Client. Where a material conflict of interest is identified, the general partner of the Client generally will attempt to resolve the conflict before voting a proxy. A general partner of a Client may determine not to vote proxies in respect of securities of an issuer if it determines that it would be in a Client's overall best interest not to vote. Investors generally may not direct or otherwise influence votes with respect to any particular proxy solicitation. Clients may obtain copies of our proxy voting policy by contacting us.

Item 18 – Financial Information

Not applicable.