

**Item 1 - Cover Page**

**BridgeInvest LLC**

**CRD# 307343**

2601 South Bayshore Drive, Suite 1400  
Miami, Florida 33133

305-749-9887

[www.bridgeinvest.com](http://www.bridgeinvest.com)

**March 31, 2022 Brochure**

This brochure (the “Brochure”) provides information about the qualifications and business practices of BridgeInvest LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at 305-749-9887 or [daniel.stahl@bridgeinvest.com](mailto:daniel.stahl@bridgeinvest.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.

Additional information about the Adviser also is available on the SEC’s website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

## **Item 2 - Material Changes**

This Brochure is a document that the Adviser provides to its clients as required by the SEC's rules.

The purpose of Item 2 of the Brochure is to provide clients with a summary of any material changes made to this Brochure.

Since the previous annual amendment filing on March 31, 2021, the Adviser has made no material changes to this Brochure.

The Adviser will provide clients with a new Brochure as necessary based on changes, new information, or at a client's request, at any time, without charge.

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## Item 4 - Advisory Business

### General Information

BridgeInvest LLC is a Florida limited liability company with its principal place of business in Florida. The Adviser was organized in 2011.

### Fund Investment Advisory Services

The Adviser provides investment advisory services to pooled investment vehicles (each, a “Fund”, and collectively, the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). In providing investment advisory services to the Funds, the Adviser may do so directly, or indirectly through those related persons described below.

The following related persons of the Adviser serve as the managers of the Funds (each, a “Fund Manager” and “Relying Adviser”): (i) BridgeInvest Fund Manager II LLC, a Delaware limited liability company; and (ii) BridgeInvest Fund Manager III LLC, a Delaware limited liability company. Each of the Fund Managers are wholly owned by the Adviser. All supervised persons acting on behalf of each Fund Manager are also supervised persons of the Adviser. In addition, the Adviser and the Fund Managers operate under a single code of ethics (the “Code”) and compliance manual that is administered by the Adviser’s Chief Compliance Officer (the “CCO”). Accordingly, each Fund Manager is a “Relying Adviser” of the Adviser, and all references to the “Adviser” in this disclosure brochure include the Fund Managers.

The following related persons of the Adviser, each of which is under common control with, or wholly owned by, the Adviser, serve as the general partners of the Funds (the “General Partners”): (i) BridgeInvest Fund GP II LLC, a Delaware limited liability company; (ii) BI Partnership III GP LLC, a Delaware limited liability company; (iii) BridgeInvest Fund GP III LLC, a Delaware limited liability company, and (iv) BridgeInvest Partners GP III LLC, a Delaware limited liability company. In providing investment advisory services to the Funds, the Adviser and the General Partners seek to tailor their services to the Funds’ needs, interests and circumstances.

*BridgeInvest Funds.* Through each applicable Relying Adviser, the Adviser provides discretionary investment advisory services to the following Funds: (i) BridgeInvest Specialty Credit Fund II, LLLP, a Delaware limited liability limited partnership (“Fund II”); (ii) BridgeInvest Partners II LP, a British Virgin Islands partnership (“Offshore Fund II”); (iii) BridgeInvest Specialty Credit Fund III, LP, a Delaware limited partnership (“Fund III”); (iv) BridgeInvest Partners III LP, a British Virgin Islands partnership (“Offshore Fund III” and, together with Offshore Fund II, the “Offshore Funds”); and (v) BI Partnership III LLLP, a Delaware limited liability partnership (the “U.S. Investment Vehicle”).

Each Fund pursues opportunistic real estate debt investments by investing exclusively in first-priority mortgage loans secured by real estate assets (“Investments”). The Funds make their Investments through individual holding limited liability companies, which are the direct lenders for each underlying mortgage. U.S. investors in Fund II will invest directly into, and receive distributions directly from, Fund II. Non U.S. investors in Fund II invest through Offshore Fund II, which acts as a feeder fund in BI Holding 2 LLC, a Delaware limited liability company (“U.S. Blocker II”).

U.S. taxable investors in Fund III will invest in Fund III through the U.S. Investment Vehicle that will then invest directly into, and receive distributions directly from, Fund III. Non-U.S. investors and U.S. tax exempt investors in Fund III invest through Offshore Fund III. Offshore Fund III acts as a feeder fund in BI Holding 3 LLC, a Delaware limited liability company (“U.S. Blocker III” and together with U.S. Blocker II, the “U.S. Blockers”). The U.S. Blockers may invest directly into and receive distributions directly from the applicable Fund. Because the U.S. Investment Vehicle and Offshore Funds act as feeder funds into Fund II or Fund III, as applicable, the U.S. Investment Vehicle, Offshore Funds, and Fund II and Fund III are together referred to as the “Funds” in this Brochure.

As the investment adviser of the Funds, the Adviser, along with the General Partners, identifies investment opportunities for, and participates in the acquisition, management, monitoring and disposition of Investments of, the Funds.

The Relying Advisers provide investment advisory services to the Funds, each pursuant to the terms of the relevant Fund’s limited partnership agreement (each, a “Fund Agreement”). Investment advice is provided directly to each Fund, subject to the direction and control of the relevant General Partner, and not individually to the investors in any Fund.

#### Investment Limitations

Each Fund is subject to certain restrictions on Investments (the “Investment Limitations”). The Investment Limitations are established by each Fund’s General Partner and are set forth in the documentation received by each limited partner of the applicable Fund (each, a “Limited Partner”) before investment in any Fund. Once invested in a Fund, investors cannot impose restrictions on the types of Investments the applicable Fund may make.

*Fund II Investment Limitations.* Following Fund II’s Initial Closing (as defined in the Fund Agreement), the Fund did not, without 5 Business Days Limited Partner Consent (as defined in the Fund Agreement), (i) make a single Investment where the aggregate amount of equity invested by the Fund in such Investment exceeds 20% of the aggregate Fund commitments (the “Aggregate Commitments”), (ii) make Investments outside of the Southeast U.S. where the aggregate amount of equity invested by the Fund in all such Investments exceeds 20% of Aggregate Commitments, (iii) make an Investment collateralized by a non-cash flowing property where the as-is loan-to-value exceeds 66%, based on an independent appraisal, (iv) make an Investment collateralized by a cash-flowing property (defined as having a 6.0% minimum debt yield) where the as-is loan-to-value exceeds 70%, based on an independent appraisal, (v) make an Investment in a construction, rehabilitation or value-add loan where the loan-to-cost exceeds 75%, based on the total cost of the project, or the as-stabilized loan-to-value exceeds 66%, based on an independent appraisal, (vi) make an Investment where the General Partner or any of its affiliates is a borrower, (vii) make an Investment in a residential property considered to be a primary residence, and (viii) make an Investment where the stated loan term exceeds the Fund Term (as defined in the Fund Agreement).

For purposes of the foregoing investment limitations, the Fund was permitted to make Investments and commitments to invest prior to the Final Closing (as defined in the Fund Agreement) as if the Aggregate Commitments are the greater of \$125 million or the actual amount of the Aggregate Commitments as of such date.

*Fund III Investment Limitations.* Following Fund III’s Initial Closing (as defined in the Fund Agreement), the Fund did not, without 60% Limited Partner Consent (as defined in the Fund

Agreement), (i) make a single Investment where the aggregate amount of equity invested by the Fund in such Investment exceeds 20% of the Aggregate Commitments, (ii) make Investments outside of the Core Geography (as defined in the Fund Agreement) where the aggregate amount of equity invested by the Fund in all such Investments exceeds 30% of Aggregate Commitments, (iii) incur indebtedness over the life of the Fund if doing so would cause the aggregate leverage ratio of the Fund to exceed 40% of the sum principal balances of the Fund's Investments and the fair value of all of the Fund's additional assets; (iv) make an Investment collateralized by a cash-flowing property where the as-is loan-to-value exceeds 75%, based on an independent appraisal, (v) make an Investment in a construction, rehabilitation or value-add loan where the loan-to-cost exceeds 75%, based on the total cost of the project, or the as-stabilized loan-to-value exceeds 75%, based on an independent appraisal; (vi) make an Investment collateralized by a residential property considered to be a primary residence by the borrower or any key principal of the borrower; (vii) make an Investment where the state loan term, including extensions, exceeds the Fund Term (as defined in the Fund Agreement); (viii) make an investment which would result in the loan-to-value of all Investments of the Fund exceeding 70%; (ix) except as provided in the Fund Agreement, acquire Investments in assets in which the Fund's General Partner or any of its affiliates has a pre-existing ownership interest; or (x) enter into a transaction with an Existing Fund or Successor Fund (each as defined in the Fund Agreement).

For purposes of the foregoing investment limitations, the Fund was permitted to make Investments and commitments to invest prior to the Final Closing (as defined in the Fund Agreement) as if the Aggregate Commitments are the greater of \$250 million or the actual amount of the Aggregate Commitments as of such date.

#### Type and Value of Assets Currently Managed

All of the Adviser's investment advisory services are provided on a discretionary basis. As of December 31, 2021, the Adviser managed \$294,350,518 in regulatory Fund assets under management.

#### Principal Owners

The principal owner of BridgeInvest LLC is Alex Horn.

### **Item 5 - Fees and Compensation**

#### Fees for Fund Investment Advisory Services

*Investment Management Fee.* As compensation for investment advisory services rendered to the Funds, the Adviser receives from each Fund an investment management fee, as further described in the relevant Fund's offering document (the "Investment Management Fee") and as described generally below. The fee structure described below may be modified from time to time.

Each Fund pays to the Adviser an annual Investment Management Fee, which is payable quarterly in arrears. The initial installment of the Investment Management Fee is paid at the conclusion of the calendar quarter in which the initial closing occurs, with subsequent installments to be paid on the last day of each calendar quarter. The Investment Management Fee for Fund II is paid at an annual rate of 1.0% of the average daily balance of capital contributions of each Limited Partner during the preceding calendar quarter, less the portion of such drawn capital contributions utilized to acquire Investments that have been sold or liquidated (provided such drawn capital

contributions are not subsequently reinvested in other Investments) or completely written off, in each case, as reasonably determined by the General Partner. The Management Fee for Fund III is paid at an annual rate of 1.5% of the average daily balance of capital contributions of each Limited Partner during the preceding calendar quarter, less the portion of such drawn capital contributions that have been returned to Limited Partners.

For Fund III, and with respect to any Limited Partner that both (i) invested in Fund I and Fund II, and (ii) commits to Fund III an amount greater than or equal to their largest previous commitment (each, a "Legacy Limited Partner"), the Management Fee paid to Fund III by such Legacy Limited Partner may be reduced by 0.25% per annum, to an annual rate of 1.25% of the average daily balance of each Limited Partner's drawn Commitment less the portion of such drawn Commitment that have been returned to Partners (i.e., a Return of Capital distribution).

Notwithstanding the foregoing, the Adviser or the General Partner may negotiate or set an Investment Management Fee different from the foregoing with respect to one or more Limited Partners. Additionally, please see **Item 6 – Performance-Based Fees and Side-By-Side Management** below for information regarding "incentive distributions" that the Fund may pay.

*Structuring Fee.* The Adviser will be paid a one-time structuring fee for each Investment made by each Fund (the "Structuring Fee"). The Structuring Fee will be paid as a single payment per Investment equal to 0.5% of the total principal loan amount for the investment, payable upon the closing date of such Investment. Notwithstanding the foregoing, the Adviser or the General Partner may negotiate or set a Structuring Fee different from the foregoing with respect to one or more Limited Partners. Each Investment's Structuring Fee will be borne by its respective borrower.

*Loan Servicing Fee.* With respect to Fund III, the Adviser will select a loan servicer, which may be an Affiliate of the Adviser, to service the loans made by the Fund. The loan servicer will be paid a servicing fee for each Investment made by the Fund at then current market rates, generally not exceeding an annual rate of up to 0.20% of the total principal amount for the given Investment (the "Servicing Fee"). Each Investment's Servicing Fee will be borne by its respective borrower.

*Co-Investment Fee.* As specifically set forth in the relevant Fund Agreement, the Adviser, General Partner or its affiliates may earn a fee (the "Co-Investment Fee") from co-investors or joint-venture partners in each Fund as the result of co-investment or joint venture on individual mortgages. Such fee is expected to be 1.0 – 2.0% origination fee and a fixed percentage spread of the underlying interest income if the Investment is co-invested, participated or joint-ventured prior to the original closing date of the Investment. In the event that an Investment is co-invested, participated or joint ventured subsequent to its original closing date, the Adviser expects that the Fund will retain a portion of the Co-Investment Fee, expected to be (a) for Fund II, up to the full origination fee and up to 50% of a fixed percentage spread of the underlying interest income, and (b) for Fund III, up to 50% of the full origination fee and up to 50% of a fixed percentage spread of the underlying interest income, and, in either case, the remaining portion paid to the Adviser, the General Partner or any of their affiliates, as set forth in the applicable Fund Agreement.

*Subscription Fee.* The Adviser may charge Limited Partners in Fund II a subscription fee in connection with such Limited Partner's subscription in the Fund (the "Subscription Fee"). Subscription Fees will primarily be charged to Limited Partners who have no pre-existing relationship with the Adviser and who have been referred to the Adviser through third parties. The Subscription Fee will be equal to 1.0% of the aggregate commitment of such Limited Partners, payable upon admission to the Fund. The Subscription Fee will be used to pay such referral sources

and will not be retained by the Adviser, treated as a capital contribution, or be used to reduce any unfunded commitment of any such Limited Partner.

The Adviser does not generally utilize the services of securities broker-dealers for securities transactions with respect to the Funds. In the event that the Adviser chooses to use a securities broker-dealer for limited purposes relating to any Fund, such Fund incurs brokerage and other transaction costs. For additional information regarding brokerage practices, please see **Item 12 – Brokerage Practices** below.

*Organizational Expenses.* Each Fund is responsible for all legal and other expenses incurred in the formation of the Fund up to an amount of \$300,000 and for all expenses related to its operations to the extent such expenses are not paid by borrowers, including third-party expenses incurred in connection with unconsummated transactions. The amount above \$300,000 paid by the Fund, if applicable, is offset by the Investment Management Fee. With respect to Fund III, the U.S. Blocker, Offshore Fund III, and the U.S. Investment Vehicle will bear all legal and other expenses incurred in their respective formations and organizations.

*Other Expenses.* Except as noted herein, the Funds will bear their own operating and other costs and expenses (as determined by the applicable General Partner and/or otherwise provided in on or more agreements or arrangements between the Fund and its General Partner). Each Fund will bear such costs and expenses to the extent such costs and expenses are not paid by borrowers, including, but not limited to: (a) for Fund II, travel costs, fees, due diligence costs and other out-of-pocket expenses directly related to the investigation of investment opportunities (whether or not consummated), the origination, acquisition, ownership, financing, hedging, or sale of its Investments, taxes, fees of auditors and counsel, foreclosure expenses, special servicing expenses, property management expenses, insurance, litigation expenses, expenses associated with the preparation and distribution of reports to the Partners, and any extraordinary expenses; and (b) for Fund III, travel costs, fees (including the fees disclosed herein), due diligence costs and expenses, technology and technology licensing and subscription costs, expenses and fees and other out-of-pocket costs and expenses directly related to the investigation of Investment opportunities (whether or not consummated), the origination, acquisition, ownership, financing, hedging, or sale of Investments, taxes, fees of auditors and counsel, foreclosure expenses, special servicing expenses, property management expenses, insurance, litigation expenses, expenses associated with the preparation and distribution of reports to the Partners, and any extraordinary costs and expenses.

To the extent possible, third-party costs will be charged to and, to the extent appropriate, allocated to the Investments in the relevant Fund. Each Fund will also bear third-party expenses incurred in connection with unconsummated transactions. None of the Fund or Investment Vehicle will bear any litigation expenses related to any act or omission that is not indemnifiable by the Fund or either Investment Vehicle.

Except as provided herein, each Fund Manager and General Partner will each be responsible for the expenses of its own operations, including rent, salaries, furniture and fixtures, and other office equipment.

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

While the Adviser does not receive a performance-based fee, a portion of each Fund's net distributable proceeds up to 15% is allocated to the capital account of the Fund's General Partner as



“incentive distributions” subject to the preferred return as described below. Carried interest is not included in Fund II’s gross assets but is included in Fund III’s gross assets. Each of the General Partners are related persons of the Adviser.

While each Fund has a long-term investment strategy, potential investors should note that the payment by each Fund of incentive distributions may nonetheless provide an incentive for the Adviser to make Investments that are riskier or more speculative than would be the case in the absence of such an arrangement. Generally, and except as may be otherwise set forth in each Fund Agreement, this conflict is mitigated to a substantial extent by, among other things, the fact that payment of the incentive distributions will be conditioned on all of the partners of the applicable Fund first receiving the preferred return and the return in full of their capital contributions to the applicable Fund. In addition, provisions and procedures set forth in the Code require the Adviser to act in accordance with principles of honesty, good faith, and fair dealing.

Please see ***Item 10 - Other Financial Industry Activities and Affiliations*** below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

### **Item 7 - Types of Clients**

The Adviser currently provides investment advisory services solely to the Funds. Investment advice is provided directly to each Fund, subject to the direction and control of the relevant General Partner, and not individually to the Limited Partners of the Funds.

Interests in each Fund are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Permitted investors in each Fund may include high net worth individuals, banks, thrift institutions, pension and profit-sharing plans, endowments, foundations, trusts, estates, charitable organizations and other business entities.

The minimum investment requirement for each of Fund II and Fund III is \$500,000. However, the General Partner, in its sole discretion, may permit investments that are less than the required minimum investment commitment set forth in the Fund’s offering documents. In addition, legal eligibility requirements must be met to invest in the Fund. The minimum investment requirement for investors in Offshore Fund III, other than exempted investors (as defined in the British Virgin Islands Securities and Investment Business Act, 2010) is \$100,000 or its equivalent in another currency.

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

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

The Funds pursue private Investments by investing exclusively in first-priority mortgage loans secured by real estate assets, primarily based in the U.S., including, without limitation, promissory notes issued by operators and owners of commercial and residential real estate secured by the underlying real property or any assets obtained in connection with certain means of foreclosure, deeds in lieu of foreclosure, or any other means of judicial enforcement of any defaulting loan. The Adviser seeks to provide Limited Partners with what the Adviser believes to be attractive risk-adjusted returns with substantial downside protection.

Each of Fund II and Fund III makes its Investments through individual holding limited liability companies, which are the direct lenders for each underlying mortgage. Non-U.S. investors in Fund

II invest in Fund II through Offshore Fund II, which acts as a feeder fund in U.S. Blocker II. U.S. taxable investors in Fund III will invest in Fund III through the U.S. Investment Vehicle that will then invest directly into, and receive distributions directly from, Fund III. Non-U.S. investors and U.S. tax exempt investors in Fund III invest through Offshore Fund III. Each of the U.S. Blockers may invest directly into and receive distributions directly from Fund II or Fund III, as applicable.

The Funds' strategy involves significant risks, including the risk that the Funds (and, in turn, the underlying investors in the Funds), could lose some or all of any invested capital. An Investment in any Fund provides limited liquidity because there are significant restrictions on transferability of each Fund's interests and withdrawals from each Fund.

### Risk of Loss

All investment portfolios are subject to risks. Accordingly, there can be no assurance that any Fund will be able to fully meet its investment objectives and goals, or that Investments will not lose money. Below is a description of several of the principal risks that the Funds may face.

*Competition for Investments in Real Estate.* While the Fund attempts to distinguish itself from many other closed-end real estate debt funds, the Fund encounters competition from numerous real estate investment partnerships and trusts, as well as from individuals, corporations, bank and insurance company investment accounts, foreign investors and other entities engaged in real estate financing activities. Many of the Fund's competitors have financial resources that are significantly larger than the Fund's and have substantial uninvested capital to invest. The greater the supply of such uninvested capital, the more difficult it will be for the Fund to locate attractive Investments. These larger funds also have the ability to more broadly diversify the assets in their respective portfolios and thereby reduce risk. As a result of these and other factors, the Fund may acquire a limited number of Investments as a result of which, the unfavorable performance of a small number of such investments may adversely affect the aggregate returns realized by the Fund. In addition, some of the Fund's competitors may have greater human resources and other resources, including ability to access more extensive or productive investment referral sources that would give them a competitive advantage over the Fund in its investment activities. Competition for investments may have the effect of increasing costs, reducing yield or making it substantially more difficult to locate investments that meet the Fund's investment objectives or which the General Partner otherwise believes are suitable for the Fund, thereby reducing the diversity and/or attractiveness of the Fund's Investments and the returns to Limited Partners and the risk associated with an investment in the Fund.

*General Real Estate Risks; Illiquidity.* There is no assurance that the operations of the Fund or the Investments made by the Fund will be profitable or that cash flow will be available for distribution to Limited Partners. Because real estate, like many other long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of the investments. The cash flow and value of the Investments will depend on many factors beyond the control of the Fund, including: changes in general economic or local conditions; changes in supply of or demand for competing properties in an area; changes in interest rates, which may affect, among other things, the Fund's ability to enter into a favorable transaction or the Fund's ability to exit an Investment; unavailability or cost of mortgage funds which may render the construction, leasing, sale or refinancing of a property difficult; the financial condition of borrowers and of tenants, buyers and sellers of property; changes in real estate tax rates and other operating expenses (including the cost and availability of insurance of all types (particularly windstorm and flood insurance)); the imposition of rent

controls; energy, materials and/or labor shortages or the cost thereof; various uninsured or uninsurable risks; natural disasters; war; and terrorism. There is no assurance that there will be a ready market for the Investments because investments in real estate debt (either directly or indirectly through partnership or other ownership vehicles) generally are less marketable and illiquid due to the unavailability of reliable or any market quotations. Accordingly, the ability of the Fund to vary its portfolio in response to changes in economic or other conditions may be limited. Any one or more of the foregoing risks could materially adversely affect the return on a Limited Partner's investment and could cause the loss of all or a part of the Limited Partner's investment in the Fund.

*Credit Risk.* The Fund will finance Investments for a unique variety of borrowers. While each transaction represents an exciting opportunity to lend on a unique investment, there is risk inherent of each borrower failing to make debt service payments for its loan with resulting potential defaults and the risk of potentially expensive legal and foreclosure actions.

*Transaction Risk.* Each transaction will be subject to risks related to its execution process. Real estate projects are exposed to numerous challenges related to zoning, lease-up, renovation and sales. Any delay or difficulty in these areas can affect the ultimate outcome of the project and the Fund's basis in the Investment, potentially affecting the ultimate payoff of the Investment.

*Leverage.* The General Partner (for Fund II) and Fund Manager (for Fund III) have the right to obtain one or more financings on behalf of the applicable Fund to fund the working capital needs of such Fund. Should the Fund seek to finance its working capital needs, or, if in the future, the Fund determines to leverage investments, no assurance can be given that the Fund will succeed in obtaining such borrowed funds on favorable terms, if at all. If borrowed funds are not then available or are not then available on favorable terms, the Fund may not have the working capital which it requires to conduct operations as anticipated, or may not have the resources to participate in attractive investment opportunities or in order to diversify the Fund's investment portfolio. Fund II may obtain leverage of up to 40% of the total capitalization in Fund II, and, following 60% Limited Partner Consent (as defined in the Fund Agreement), Fund III may obtain leverage in excess of 40% of the sum of the principal balances of Fund III's Investments and the fair value of all of Fund III's additional assets. In either case, such leverage will increase the exposure of the relevant Fund to adverse economic factors such as significantly rising interest rates, severe economic downturns, real estate downturns or deteriorations in the condition of real estate investments or of the market in which the Investment is located. In the event an Investment is unable to generate sufficient cash flow to meet principal and interest payments on the applicable Fund's indebtedness, as well as pay other operating expenses of the Fund (most of which will be fixed in nature), the relevant Fund's return on such Investment would likely be significantly reduced or even eliminated. Borrowings by the Funds under a credit facility may be secured by that Fund's Investments. Moreover, the presence of substantial amounts of debt creates significant additional risks, such as: (a) lending institutions may have rights to participate in certain decisions relating to the management of the Fund or the Investments; (b) financial obligations of the Fund will have to be repaid before the Limited Partners will be able to receive a return, if any, on their interests; and (c) cash flow from operations may be insufficient to pay the relevant Fund's debt service, potentially resulting in capital calls being made on the Limited Partners or foreclosure on the collateral given by the Fund to secure its obligations under such debt. Any inability of the Funds to repay such borrowings could result in a reduction or complete loss of a Limited Partner's investment in the applicable Fund.

Please see the relevant Fund's offering documents for information about the specific risks associated with an investment in each Fund.

### **Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no disciplinary events to report.

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

The Adviser wholly owns the Relying Advisers and the General Partners. Certain individuals of the management persons of the Adviser are also the principals of the General Partners.

The Adviser is under common ownership and control with Horn Eichenwald Investments Corp. ("Horn Eichenwald"), an investment adviser registered with the SEC. There is no business relationship between the Adviser and Horn Eichenwald, and the business operations and practices of the two entities are completely separate. The Adviser does not believe a material conflict of interest exists as a result of its common ownership and control with Horn Eichenwald.

#### Conflicts of Interest

The discussion below reflects both historical and current practices of the Adviser and the Funds. Please refer to the relevant Fund Agreement for more details regarding each of the Fund's practices.

*Incentive Distributions.* As stated above, the structure and payment of the incentive distributions by each Fund to the applicable General Partner may involve a conflict of interest because it may create an incentive for the General Partners to cause the Funds to make riskier or more speculative investments than it otherwise would.

*Affiliated Transactions.* It is possible that the General Partners, the Adviser, or any affiliated entities may perform a variety of management, development, financial or other services (including the delivery of one or more corporate guarantees of Fund financings) in connection with the Investments and receive significant fees and reimbursements for doing so. In addition, the General Partners may, under certain circumstances and in their sole discretion, make a loan or cause an affiliate to make a loan to the applicable Fund, which will accrue interest and will be pre-payable at any time without any prepayment penalty or charge. These transactions present conflicts of interest, because the fees, reimbursements and interest charged, as applicable, would not have the benefit of arm's length negotiations. Although these transactions are not arm's length transactions, they will be consistent with those generally available in arm's length transactions with qualified independent third parties in the applicable geographic area for a comparable level of quality.

*Other Business Relationships.* The Adviser and its affiliates engage in a broad range of activities, including investment activities for their own accounts and for the accounts of other investment funds and providing advisory, management and other services to other funds. The funds and accounts advised or managed by the Adviser or its affiliates are referred to as the "Related Funds." The Related Funds may have investment objectives similar to those of the Fund. In the ordinary course of conducting its activities, the interests of the Fund or its Limited Partners may, on occasion, conflict with the interests of the Adviser or its affiliates or one or more other Related Funds. In addition, the Adviser and its affiliates will, from time to time, provide advisory,

management, and other services to third-party loans not held by any of the Funds (the “Third-Party Loans”). Specifically, the Adviser’s and its affiliates’ time, effort, and resources will not be devoted exclusively to the business of the Fund but must be allocated between that business, any Related Funds, and any Third-Party Loans.

The General Partner and its principals will devote as much of their time and resources to the activities of the Fund as it deems necessary and appropriate. The Fund Agreement generally does not restrict the General Partner or its principals from entering into other relationships or engaging in other business activities, even though those activities may be in competition with the Fund and/or may involve substantial amounts of their time and resources.

*Reimbursement of Expenses.* Each Fund and/or its subsidiaries which own the investment properties will pay directly or reimburse the General Partner or certain affiliates for all expenses directly relating to the relevant Fund and the financing of mortgages. The General Partners may have conflicts of interest in determining the proper allocation of certain reimbursable expenses between the Funds and its affiliates.

#### Resolution of Conflicts

The Adviser will deal with all conflicts of interest using its best judgment, but in its sole discretion. In resolving conflicts, the Adviser will generally consider various factors, including the interests of the Fund and the other Related Funds. In the case of all conflicts involving the Fund, the determination as to which factors are relevant, and the resolution of such conflicts, will be made in the sole discretion of the Adviser, except as required by the governing documents of the Fund.

*Mitigating Factors.* The following factors may alleviate, but will not eliminate, conflicts of interest among the Funds and other Related Funds and future funds:

- The Funds will not make any investment unless the relevant General Partner believes that such investment is an appropriate investment considered solely from the viewpoint of the applicable Fund;
- The General Partners and their affiliates are subject to certain exclusivity provisions set forth in the Fund Agreements;
- The General Partners and their affiliates are subject to certain limitations on successor funds set forth in the Fund Agreements;
- With respect to Fund II, certain investments require 5 Business Days Limited Partner Consent (as defined in the Fund Agreement);
- With respect to Fund III, certain investments require 60% Limited Partner Consent (as defined in the Fund Agreement) whereas other decisions require up to 80% Limited Partner Consent (as defined in the Fund Agreement);
- Fees and reimbursements to be paid to the General Partners and/or their affiliates will be consistent with those generally available in arm’s length transactions with qualified independent third parties in the applicable geographic area for a comparable level of quality; and

- The Adviser's Code of Ethics sets forth provisions and procedures requiring the Adviser to act in accordance with principles of honesty, good faith, and fair dealing.

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

#### Code of Ethics and Personal Trading

The Adviser has adopted a Code of Ethics, the full text of which is available to you upon request. The Code has several goals. First, the Code is designed to assist the Adviser in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, as amended, the Adviser owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires the Adviser's managers, officers and employees (collectively, "Associated Persons") to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits Associated Persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards ("Professional Standards") for the Adviser's Associated Persons. Under the Code's Professional Standards, the Adviser expects its Associated Persons to put the interests of its clients first, ahead of personal interests. In this regard, the Adviser's Associated Persons are not to take inappropriate advantage of their positions in relation to Adviser clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of Associated Persons, as summarized below:

#### Personal Trading

From time to time, Associated Persons may invest in the same securities the Adviser recommends to clients. Under the Code, the Adviser has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. Associated Persons are generally required to submit information about their personal trading activities to the Adviser's CCO or the CCO's designee for review. In addition, Associated Persons are generally required to notify the CCO or the CCO's designee and obtain advance approval of certain personal trades in securities that may be traded by the Adviser for client accounts or otherwise affected by investments made on behalf of clients. Violations of the Code may result in disciplinary action up to and including dismissal.

#### Participation or Interest in Client Transactions

Under the Code, Associated Persons are prohibited from trading in securities on the basis of material, non-public information or communicating material, non-public information about the issuer of any security to any other person.

### **Item 12 - Brokerage Practices**

As each Fund primarily pursues private Investments, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences. As a result, the Adviser does not normally utilize the services of securities broker-dealers for securities transactions. In the event the Adviser chooses to use a securities broker-dealer for a securities transaction, the Adviser has, subject to the direction of each General Partner, sole discretion over the purchase and sale of Investments

(including the size of such transactions) and the securities broker or dealer, if any, to be used to effect transactions. In placing each securities transaction for each Fund involving a securities broker-dealer, the Adviser will seek to obtain best execution of the transaction. “Best execution” means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer as well as certain other factors.

In determining whether a particular securities broker or dealer is likely to provide best execution with respect to a particular securities transaction, the Adviser takes into account all factors that it deems relevant to the securities broker’s or dealer’s execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the securities broker or dealer, and the quality of service rendered by the securities broker or dealer in other transactions.

In selecting broker-dealers to be used, the Adviser will consider client and/or investor referrals from broker-dealers. This practice presents a conflict of interest, because the Adviser may have an incentive to select a broker-dealer based on its interest in receiving referrals, rather than on whether the broker-dealer provides best execution. During the last fiscal year, the Adviser did not direct transactions to a particular broker-dealer in return for referrals.

#### Directed Brokerage

The Adviser does not allow directed brokerage accounts. To the extent consistent with its duty to seek best execution, the Adviser may trade with the securities broker who has custody of the applicable assets.

#### Aggregation of Trades

The Funds normally do not trade in securities. However, the Adviser may aggregate a Fund’s securities trades with those of another Fund to the extent consistent with receiving best execution. Generally, Funds participating in an aggregated order will receive an average price of all trades placed that trading day and pay their ratable share of brokerage costs. In some cases, the Adviser may be excluded from aggregated block trades due to legal, regulatory or other concerns.

#### Soft Dollar Transactions

The Adviser does not generate or use soft dollars, which are credits generated by securities transactions placed with certain securities broker-dealers that may be used to “purchase” certain research and brokerage products from such securities broker-dealers.

### **Item 13 - Review of Accounts**

#### Oversight and Monitoring

The Investments of each Fund are generally private and illiquid in nature, and accordingly, the Adviser’s review of them is not directed toward a short-term decision to dispose of securities. However, the Investments of the Funds are continuously reviewed by the Fund’s General Partner, who closely monitors each Fund’s Investments and generally maintains an ongoing oversight position in such Investments. These reviews will focus on appropriateness of each Fund’s Investments for the applicable Fund’s portfolio and the performance of the Fund.

## Reporting

Within 120 days after the end of each fiscal year, each Fund will furnish to all of its Limited Partners annual audited financial statements prepared in accordance with U.S. GAAP. Within 45 days after the end of each fiscal quarter, each Fund will furnish a summary report on the Fund's Investments to each Limited Partner. Certain tax information for use in preparation of U.S. federal income tax returns will be provided to each Limited Partner.

The Adviser and each Fund's General Partner may, from time to time, in their sole discretion, provide additional information upon request relating to the relevant Fund to one or more investors in the Fund as they deem appropriate.

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

The Funds do not currently utilize the services of a third-party securities broker or placement agent to sell interests in the Funds on a "best efforts" or agency basis. If one or more securities brokers or placement agents are engaged, they will receive compensation for their services. Any such compensation would generally be paid by the Adviser.

### **Item 15 - Custody**

The Adviser (through each General Partner) is deemed to have custody of certain assets of the Funds. Each Fund currently is audited annually by an independent public accountant, and the annual audited financial statements of the Funds are sent to each Fund's investors. The Funds also provide quarterly capital statements to their investors.

### **Item 16 - Investment Discretion**

The Adviser provides investment advisory services to the Funds pursuant to the relevant Fund Agreements. The Adviser has discretionary authority to determine the investments to be bought or sold and the amounts to invest for each Fund. Investment advice is provided by the Adviser directly to the Funds, subject to the direction and control of the affiliated General Partners, and not individually to the investors in the Funds. Any restrictions on investments in certain types of securities are established by the General Partners and are set forth in the documentation received by each Limited Partner prior to investment in the applicable Fund.

### **Item 17 - Voting Client Securities**

The Funds are not able to direct the vote of their General Partner. To the extent applicable, the General Partners intend to vote proxies or similar corporate actions in the best interests of the applicable Fund, taking into account such factors as it deems relevant in its sole discretion.

The Adviser's proxy voting policy is designed to ensure that if a material conflict of interest is identified in connection with a particular proxy vote, that the vote is not improperly influenced by the conflict.

To the extent applicable, the Adviser will maintain a detailed Proxy Voting Policy and a record of how the Adviser has voted proxies, each of which is available to clients upon request.



### **Item 18 - Financial Information**

The Adviser does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, but the Adviser (through the General Partners) is deemed to have custody of certain assets of the Funds.

In an abundance of caution and in the absence of clarity on the overall economic impact of the COVID-19 pandemic, the Adviser applied for and received a loan under the Paycheck Protection Program ("PPP") through the U.S. Small Business Administration in the amount of \$240,200 in 2020, which has now been forgiven. The Adviser has no other financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients and has not been the subject of a bankruptcy petition at any time during the past ten years.