

Item 1

**Cover Page**

Form ADV Part 2A  
Firm Disclosure Brochure

March 30, 2022

**SHE DDF1 MANAGER, LLC**

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This disclosure brochure (the “Brochure”) provides information about the qualifications and business practices of SHE DDF1 Manager, LLC and certain of its affiliates (collectively, “Safe Harbor Equity,” “SHE” or the “Firm”). If you have any questions about the contents of this Brochure, please contact SHE at (786) 292-3639. 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. Registration as an investment adviser with the SEC does not imply a certain level of skill or training of SHE or its Supervised Persons.

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

## **Item 2           Material Changes**

Following are the material changes to this Brochure, dated March 30, 2022, since it was last amended as part of the Firm's previous annual Form ADV amendment submitted on March 31, 2021:

- Effective April 16, 2021, Carlos Rivera assumed the role of Chief Compliance Officer of the Firm. Mr. Rivera continues to also serve as Chief Financial Officer of the Firm.
- The Firm also updated its RAUM disclosed in Item 4.E.

In the future, this Item will disclose a summary of any and all material changes that occur between annual updating amendments to the Form ADV.

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#### **Item 4            Advisory Business**

- A. Safe Harbor Equity is a real estate private equity investment firm which commenced operations in 2014. The principal owner of the Firm is Safe Harbor Equity 10 LLC, which is wholly owned by Florida Land Syndicate, LLC and Rafael Serrano. Mr. Serrano wholly-owns and controls Florida Land Syndicate, LLC.
- B. SHE provides investment advisory services to pooled investment vehicles (each, a “Fund” and collectively, the “Funds”) each of which focus on acquiring primarily commercial mortgage debt instruments on the secondary market and creating monetization events through tactics such as workouts, foreclosures, recapitalizations and short sales. The Funds may co-invest in certain portfolio investments with an account managed by the Firm or one of its affiliates, affiliated accounts and/or third parties. These co-investment vehicles may have similar investment objectives and strategies as the Funds.

The Firm expects that the Funds will focus on (i) acquiring non-performing and sub-performing first mortgages; (ii) acquiring performing first mortgages with stated maturity dates prior to twelve months before the term of the Funds (notwithstanding any extensions); and (iii) originating new mortgages.

While SHE focuses on the asset classes and strategies discussed throughout this Brochure, the Firm does not necessarily limit the types of investments on which it advises.

The Funds’ offering documents are referred to herein as the “Governing Documents” and to the extent the disclosures contained in this Brochure conflict therewith, the Governing Documents will control.

- C. To the extent agreed upon in the Governing Documents, SHE tailors its investment advisory services to be consistent with each Fund’s investment strategy, return profile, concentration limits, time horizon, liquidity mandates and other related objectives, as defined therein. The Firm may permit Funds to impose reasonable restrictions on investing in certain securities or types of securities.
- D. SHE does not participate as a sponsor of or portfolio manager to any wrap fee programs.
- E. As of December 31, 2021, the Firm managed \$181,328,126 of regulatory assets under management through its Funds, on a discretionary basis.

## Item 5            Fees and Compensation

- A. As compensation for its services, SHE will receive an annual management fee (the “Management Fee”) based on a fixed rate or percentage of a Fund’s committed capital or invested capital. During the investment period, 2% of the aggregate capital commitments will be made to the Fund. After the end of the investment period, 2% of the amount of the capital contributions will be made to the Fund and not returned, as adjusted for write-downs and/or write-offs will be charged. The Management Fee will be paid on a quarterly basis.

In addition to the Management Fee, the general partner of a Fund is entitled to receive carried interest as further described in Item 6 of this Brochure.

- B. The Firm receives the Management Fee directly from the Funds on a quarterly basis. The calculation of the Management Fee is in accordance with the investors’ relative capital commitments and capital contributions. The Firm may also be entitled to a performance fee (“Carried Interest”), based on realized gains from investments above a performance benchmark.
- C. SHE and the Funds generally bear their own expenses. Expenses are allocated on a case by case basis in accordance with the Funds’ Governing Documents. Expenses the Funds may incur generally include but are not limited to: (i) legal, auditing, consulting, and accounting expenses; (ii) fees and expenses relating to third party administration of the Funds; (iii) costs associated with the preparation and delivery of reports, financial statements, and any tax reports; (iv) third party asset evaluation and valuation expenses; (v) expenses of meetings of the partners; (vi) all expenses associated with the acquisition, holding and disposition of actual and potential investments, whether or not such investments are ultimately consummated by the Funds (including, without limitation, engineering, appraisers, architects, due diligence, research, and any travel and transportation associated therewith); (vii) broker commissions; (viii) custodial fees and bank service fees; (ix) insurance costs (including, without limitation, expenses relating to obtaining liability insurance for or on behalf of the Funds, the general partner, the Firm or any of their respective partners, members, officers, employees and/or other affiliates); (x) third party servicing fees; (xi) fees payable to consultants, including, without limitation, special servicing advisors and specialty service providers; (xii) all extraordinary expenses (such as litigation); (xiii) all indemnification and insurance expenses (including, without limitation, for directors, managers and officers’ liability insurance); (xiv) interest on and fees and expenses arising out of all permitted borrowings of the Funds, including, without limitation, in connection with any subscription line indebtedness; (xv) all expenses of liquidating the Funds; (xvi) any taxes, fees or other governmental charges levied against the Funds and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds; and (xvii) the Management Fee, the servicing fee, and acquisition fees. Each Fund’s Governing Documents provide a more detailed description of the expenses borne by the Fund.
- D. Typically, the Management Fee is paid quarterly in advance, as specified in each Fund’s Governing Documents.

- E. From time to time, the Firm may collect a fee ranging from 1-2% of a loan amount which is charged directly by the Firm at the time of closing to the borrower in order to compensate the Safe Harbor for the time and resources spent negotiating the deal. This fee is charged only for the origination of loans given the fact that the Firm invests a substantial amount of time and resources working directly with the borrower and its representative(s) to meet its demands and, at the same time, meet the business parameters set by the Funds. Safe Harbor is aware that this may create a conflict of interest and has developed internal policies and procedures to monitor this process.

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

As outlined in Item 5 of this Brochure, SHE and/or its related persons are generally entitled to receive Carried Interest, which is based on realized gains from investments above a performance benchmark specified in each Fund's Governing Documents. As interests in the Funds are privately offered to only qualified investors, the Carried Interest are structured in accordance with the available exemption under Rule 205-3 promulgated under the Advisers Act. The Carried Interest may motivate the Firm to make investments that are riskier or more speculative than those which would be made under a different compensation arrangement. In addition, the recipients may have an incentive to favor Funds that they believe will pay a higher Carried Interest. However, the Firm is committed to acting at all times in the best interests of its Funds. To this end, the Firm has implemented internal controls, which are further described in the Firm's compliance policies and procedures, to address the potential conflicts associated with performance-based fees.

## **Item 7           Types of Clients**

Generally, SHE provides investment advisory services to the Funds, which are privately offered pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended. Fund investors may include, without limitation, high-net worth individuals, pension plans, trusts, financial institutions, endowments and other U.S. and non-U.S. entities. Each investor is required to meet certain suitability requirements, set forth in each Fund's applicable Governing Documents.



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

**A.** As more fully described in each Fund's Governing Documents, the Funds' investment strategy is to make consistent and disciplined investments in, and conduct the asset management of, commercial and residential mortgage debt instruments throughout the United States. In evaluating potential opportunities for the Funds, SHE conducts extensive due diligence, employs a value-oriented approach, assesses each investment on a risk-adjusted basis, implements its proactive, integrated asset management approach, and places significant emphasis on downside analysis.

SHE expects that its approach to acquiring portfolio investments will be disciplined. Accordingly, the investment process incorporates a high degree of coordination, control, checks and balances, and risk management. SHE approaches its investment process by evaluating investment opportunities through a rigorous underwriting, due diligence process and proactive asset management throughout each Fund's investment period. The investment process is phased as follows:

***Due diligence:*** During this phase, SHE collects appraisals and third part reports on collateral value. SHE runs borrower and/or guarantor background checks. The firm obtains detailed descriptions of the collateral and reviews/analyzes loan terms.

***Credit Review:*** The credit review phase is when SHE runs a risk assessment, analyzes sources and uses of cash, conducts valuation and profitability analysis and completes a legal review.

***Approval:*** For final approval, SHE must get approval from the investment committee, complete closing and conduct a final QC audit.

**B. and C.** There are significant risks inherent in the Firm's strategy which is not associated with other investments and an investment in the Funds is only suitable for persons of adequate financial means who have no need for liquidity from an investment in the Funds. There can be no assurance that a Fund's investment strategy will be successful. Set forth below, as well as in other Items in this Brochure, is a summary of some of the investment risks disclosed in greater detail in each of the Funds' Governing Documents. Please refer to each of the Funds' Governing Documents for more information on these and other risks relating to SHE's business and investments in the Funds.

*Attractive Investments May Not Be Available.* While the Firm believes, based on current market conditions, that the Funds will be presented with a variety of investment opportunities of the types and in the markets that the Funds are targeting, there can be no assurance that the Firm will identify attractive investments that meet the Funds' investment criteria, that the Funds' will be successful in acquiring these investments or that any of these investments will be profitable.

*Competitive Investment Environment.* Investing is a highly competitive business. Competitors, including, without limitation, REITs, insurance companies, pension funds, partnerships, investment companies and other investment funds, may have greater economic and personnel resources than the Funds or better relationships with sellers of potential portfolio investments, lenders and others, thereby putting each Fund at a competitive disadvantage. These entities may also generally be able to accept more risk than the Funds prudently can manage. This competition may generally reduce the number of suitable prospective investment opportunities offered to the Funds and increase the prices for investments that the Funds would likely pursue.

*Portfolio Concentration.* Each Fund's portfolio may be less diversified than other funds against which its performance might be measured, and, therefore, an investment in the Funds may be subject to greater risk than a portfolio that is more widely diversified. Concentration risk with respect to issuers (both direct and those that make-up underlying collateral pools) will be subject to internal limits set by the Funds, although the Funds normally will not invest more than twenty percent (20%) of its total capital commitments (based on initial cost) in a single portfolio investment. If the Funds' portfolio becomes relatively concentrated, the value of an investment in the Funds may be subject to greater volatility and may be more susceptible to any single economic, political or regulatory occurrence or the fortunes of a single asset or sector than would be the case if the Funds' investments were more diversified.

*Delays in liquidating defaulted loans could reduce investment returns.* If there are delays in liquidating the loans secured by real property, the Funds may not be able to repossess and sell the underlying properties in the timeframes which the Funds initially believed such liquidations could be accomplished at the time the portfolio investment is made. The resulting time delay could reduce the value of the investment. An action to foreclose on a property securing a loan is regulated by state statutes and rules and is subject to many of the delays and expenses of other lawsuits if the defendant raises defenses, counterclaims or declares bankruptcy. In the event of such an action by a borrower, these restrictions, among other things, may impede the Funds' ability to foreclose on or sell the secured property or to obtain proceeds sufficient to repay all amounts due to us on the loan.

*The Funds may be required to expend funds to preserve collateral.* Each Fund may be required to advance funds to a defaulting borrower for property taxes, insurance and other expenses. Further, if a Fund forecloses on property underlying Portfolio Investments, that Fund will be responsible for the costs of ownership of such property, including taxes, insurance and maintenance, until such property is sold. Each Fund also may be required to expend funds to correct defects or to make improvements before such property can be sold. All of the foregoing expenses may require the Funds to use resources that otherwise could be used for distributions. Further, no assurance can be given that A Fund will have funds available to correct such defects or to make such improvements, or to do so in a timely manner in order to quickly dispose of such property, or that a Fund will be able to recover these costs upon sale. This may have a material adverse effect on that Fund, its financial condition and its results of operation.

*There is no assurance that financing arrangements will be available.* Each Fund expects to borrow to fund a portion of its acquisitions. Accordingly, a Fund's ability to achieve its investment and leverage objectives will depend on its ability to borrow money in sufficient amounts and on favorable terms. There can be no assurance that favorable agreements will be available and, even if available, there can be no assurance of the amount and definitive terms under which a Fund would be able to borrow. Continued adverse developments in the residential and commercial mortgage markets could make it more difficult for us to borrow money to finance our acquisitions.

*Distressed Debt and Foreclosure Risk.* A portion of the Funds' investments will consist of investments in commercial or residential mortgage loans that are in default or for which default is likely or imminent. In addition to credit, volatility and liquidity risks, which are heightened due to the distressed nature of the investments, such investments also may be adversely affected by laws relating to the financial condition of the borrower, including, among other things, laws regarding fraudulent transfers and other voidable transfers or payments, lender liability and bankruptcy court authority to disallow, reduce, subordinate or disenfranchise particular claims against the borrower. The purchase price the Funds pays for mortgage loans will be based, in part, on the Firm's assessment of the underlying value of the underlying real properties, which may or may not be correct. Even if the Firm's assessment is

initially correct, in the event of a default, the Funds may not be able to repossess and sell the underlying properties quickly. The resulting time delay could reduce the value of the investment in the defaulted loans. An action to foreclose on a property securing a loan is regulated by state statutes and rules and is subject to many of the delays and expenses of other lawsuits if the defendant raises defenses or counterclaims. In the event of default by a borrower, these restrictions, among other things, may impede the Funds' ability to foreclose on or sell the secured property at or above the purchase price of the loans.

*Liability from Contaminated Ground and Water or Other Environmental Conditions.* Under various federal, state and local environmental laws, a current or previous owner or operator of real estate may be required (typically regardless of knowledge or responsibility) to investigate and clean-up hazardous or toxic substances or petroleum product releases at such property and may be held liable to a governmental entity or to third parties for property damages and for investigation and clean-up costs incurred by such parties in connection with the contamination, which costs may be substantial. The presence of such substances on any property underlying a portfolio investment acquired by the Funds (or the failure to properly remediate the contamination) may adversely affect the Funds' portfolio. Furthermore, changes in environmental laws or in the environmental condition of an investment may create liabilities that did not exist and could not have been foreseen at the time of acquisition of such portfolio investment.

*Firm-Sourced Investments.* The Firm or its affiliates may enter into "principal transactions" with the Funds in which any of the Firm or its affiliates sell a Firm-sourced investment to the Funds. Principal transactions and other significant transactions between a Fund and the Firm or its affiliates will be done in compliance with applicable law. In executing such transactions, the Firm will face a number of conflicts of interest, including, without limitation: (i) determining to sell certain assets to the Funds, but not others; (ii) determining the purchase price (based on cost of the Firm-sourced investment to the Firm or its affiliate, as applicable) to be paid by the Funds; and (iii) the Funds will pay fees to the Firm or its affiliate, as applicable, based on the purchase price of the Firm-sourced investment, regardless of whether or not the Firm-sourced investment increases or decreases in value subsequent to acquisition by the Funds.

**Item 9            Disciplinary Information**

In the past ten years, there have been no legal or disciplinary events involving the Firm or any of its management persons that are material to the Firm's advisory business or to the integrity of the Firm's management.

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

- A. Neither the Firm nor any of its management persons are registered, or have an application pending to register, as broker-dealers or registered representatives of a broker-dealer.
- B. Neither the Firm nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. The Firm does not have any relationship or arrangement that is material to its advisory business or the Funds with the types of entities described in this section
- D. The Firm does not recommend or select other investment advisers for the Funds.

**Item 11      Code of Ethics, Participation or Interests in Client Transactions and  
Personal Trading**

- A. The Firm has adopted a Code of Ethics (the “Code”), which describes the Firm’s fiduciary duties and responsibilities to its Funds, requires that the Firm’s employees act in the best interests of Funds to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Funds to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. The Firm’s employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by the Firm or its employees. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of the Firm’s employees. The Code requires employees to provide duplicate brokerage accounts statements, or their electronic equivalent, to the Firm or to report all securities transactions on at least a quarterly basis; and requires employees to provide a summary of securities holdings on at least an annual basis. The Code also includes policies and procedures to prevent the misuse and disclosure of material nonpublic information (“insider trading”) and other confidential information and policies and procedures addressing conflicts of interest; outside activities of employees; gifts and business entertainment, including limitations and reporting requirements; and pre-clearance and reporting of political contributions. The Firm provides a complete copy of its Code to any Fund, investor, prospective Fund or prospect investor upon request to the Chief Compliance Officer. Investors may contact the Firm to receive a copy of the Firm’s Code.
- B. Neither SHE nor any of its related persons recommend that any Fund acquire or sell securities in which SHE or any related person has a material financial interest.
- C. From time to time, subject to satisfaction of the policies and procedures set forth in the Code, the Compliance Manual and the Governing Documents, the Firm or a related person of the Firm may invest in the same securities that are recommended to a Fund. A potential conflict of interest could arise in that the Firm or the interested related person of the Firm could benefit from the Fund’s ownership of, or subsequent sale of, the applicable security. However, the Code and the Compliance Manual are designed to identify and manage conflicts of interest to the extent they arise in connection with the personal securities transactions and other investment activities of SHE’s related persons. In particular, the Code requires that SHE’s related persons abide by policies and procedures, including a pre-clearance procedure, in connection with certain of their personal securities trading activities, and such activities are monitored under the Code to ensure compliance with such policies and procedures.
- D. From time to time, in appropriate circumstances and subject to satisfaction of the policies and procedures set forth in the Code and the Fund’s Governing Documents, SHE employees and other related persons may co-invest in a Fund investment at the same time as and on a side-by-side basis with the Fund’s limited partners and other investors. SHE does not believe that this common industry practice gives rise to a material conflict of interest, but any potential conflicts of interest are addressed by the Code and the Funds’ Governing Documents.

**Item 12            Brokerage Practices**

- A. SHE provides investment advice with respect to private real estate investments. As such, the Firm's transactions are privately negotiated and do not involve the use of a broker or dealer for the execution of transactions. The Firm will seek to negotiate and execute transactions in an efficient manner and consistent with its fiduciary duties to the Funds. Due to the nature of the Firm's investment advice and relationship with the Funds, the Firm does not engage in soft dollar arrangements with broker-dealers; consider Funds referrals when selecting or recommending a broker-dealer; or engage in directed brokerage. If, in the future, the Firm does utilize broker-dealers for transactions, this section will be updated accordingly.
- B. The aggregation of orders is not applicable for the reasons stated above.

**Item 13            Review of Accounts**

- A. SHE investment professionals continually review and monitor the Funds' investments. The Firm's investment professionals routinely meet to discuss asset management activities as well as potential new investment opportunities.
- B. More frequent reviews may be triggered by material changes in key variables that could affect the performance of the portfolios, including changes in the financial markets and activity and trends in the political or economic environments.
- C. Written audited financial statements will be provided to investors in each Fund, generally within 120 days of the Fund's fiscal year end. An annual report will be distributed which will, in addition to the information provided in the quarterly reports, provide the valuations of the underlying investments in each of the Fund portfolios.



**Item 14            Client Referrals and Other Compensation**

- A. No one other than the Firm receives an economic benefit from the Funds for providing investment advice or other advisory services to the Funds, unless otherwise disclosed in their Brochure and/or the Governing Documents.
- B. As of the date of this Brochure, neither SHE nor any of its related persons compensates any person who is not a supervised person for Fund referrals. However, from time to time, in the context of organizing a Fund, the Firm may compensate one or more placement agents for referrals of Fund investors. A prospective investor solicited by a placement agent or other third party will be advised of any such arrangement, including the receipt of fees.

## **Item 15           Custody**

The Firm currently does not maintain physical custody of its Funds' assets; all cash and any securities (as applicable) for the Funds are held in custody by independent qualified custodians. However, the Firm has access to the Funds' accounts and is thus deemed to have custody of such assets under Rule 206(4)-2 of the Advisers Act (the "Custody Rule"). Accordingly, the Firm adheres to the applicable requirements of the Custody Rule with respect to each Fund for which it or an affiliate serves as a managing member or general partner. The Firm arranges for an independent accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, to independently audit the Fund on an annual basis. The audited financial statements are prepared in accordance with US Generally Accepted Accounting Principles (GAAP) and are sent to all investors within 120 days of the end of the Fund's fiscal year.

## **Item 16            Investment Discretion**

SHE has full discretionary authority to manage the assets of the Funds, subject to limitations set forth in each Fund's Governing Documents. As described more fully in each Fund's Governing Documents, SHE is granted power of attorney over each Fund's assets, including the right to pursue an investment program in its discretion, subject to certain limitations set forth in each Fund's Governing Documents. When selecting securities and determining amounts, SHE adheres to the limitations and restrictions of the Funds for which it advises.

## **Item 17      Voting Client Securities**

The Firm's investment strategy does not generally involve the acquisition of public securities with voting authority, making it unlikely that a Fund will be placed in a position of proxy voting authority. However, if a Fund does come into possession of securities with voting rights, the Firm will implement the appropriate policies and procedures and seek to vote proxies in the best interests of its Funds.

To the extent proxies do arise, investors may obtain information about how the securities were voted and a copy of the Firm's proxy voting policies and procedures upon request by contacting the Firm at the phone number listed on the cover page of this Brochure.

**Item 18            Financial Information**

- A. The Firm does not require or solicit prepayment of more than \$1,200 in fees per Fund six months or more in advance.
- B. The Firm is not aware of any financial conditions that would be reasonably likely to impair SHE's ability to meet contractual commitments to the Funds.
- C. The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

**Item 19            Requirements for State-Registered Advisers**

SHE is not required to register with any state securities authority. Therefore, Item 19 is inapplicable.