

# SAGEHAL

## Sagehall Management LP Part 2A of Form ADV The Brochure

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**This brochure provides information about the qualifications and business practices of Sagehall Management LP (“Sagehall”). If you have any questions about the contents of this brochure, please contact us via email at [operations@sagehallpartners.com](mailto:operations@sagehallpartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

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

**We refer to ourselves as a “registered investment adviser.” Registration as an investment adviser does not imply a certain level of skill or training.**

## **Item 2      Material Changes**

Sagehall filed its most recent Brochure on June 30, 2022. We routinely make updates throughout the Brochure to improve and clarify the description of our business practices, and compliance policies and procedures, as well as to respond to evolving industry best practices. Although these changes may not be material, please review this Brochure carefully and in its entirety.

### **Item 3      Table of Contents**

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents .....	3
Item 4	Advisory Business.....	4
Item 5	Fees and Compensation.....	5
Item 6	Performance Based Fees and Side-by-Side Management.....	10
Item 7	Types of Clients.....	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	11
Item 9	Disciplinary Information .....	18
Item 10	Other Financial Industry Activities and Affiliations .....	18
Item 12	Brokerage Practices .....	25
Item 13	Review of Accounts .....	26
Item 14	Client Referrals and Other Compensation.....	27
Item 15	Custody.....	27
Item 16	Investment Discretion.....	27
Item 17	Voting Client Securities .....	28
Item 18	Financial Information .....	28

## Item 4      Advisory Business

Sagehall Management LP (“Sagehall,” the “Firm,” the “Management Company,” “us,” “we,” and “our”) is a limited partnership formed under the laws of the state of Delaware. Sagehall commenced operations in October 2020. Sagehall is primarily owned and controlled by Susheel (“Sush”) Torgalkar and Lanhee Yung (collectively referred to as the “Founding Partners”).

Sagehall provides discretionary investment advice to real estate private equity funds, Sagehall Fund I LP (the “Fund” or “Fund I”) and SH I AW CI LP (the “SH I AW CI Co-Investment” or the “Co-Investment”), collectively, the “Funds”, that primarily invests in commercial real estate primarily within the New York Combined Statistical Area (“CSA”)<sup>1</sup>. Sagehall will focus on acquiring primarily existing assets at a discount while aggressively seeking off-market and limited competition opportunities across all major real estate types (including residential, hotel, retail, student housing, industrial, land, and office).

Alternative investment vehicles, parallel investment entities, and co-investment entities, including the Co-Investment, will be included in all references to “Fund I”, the “Fund” and/or the “Funds” herein as appropriate and where applicable.

Sagehall Fund I GP LLC is an affiliated entity to Sagehall that serves as the General Partner to Fund I and the SH I AW CI Co-Investment (the “General Partner”), and such affiliated entities are generally deemed registered under the Advisers Act pursuant to Sagehall’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partner, which together operate as a single advisory business together with Sagehall. The Fund will be managed by the General Partner, although for certain structures, a Sagehall affiliate may provide discretionary or non-discretionary investment advice. For ease of reference, Sagehall and any affiliated General Partners are referred to, collectively, throughout this Brochure as “Sagehall”, unless the context otherwise requires.

For legal, tax, regulatory or other considerations, the Fund will form one or more alternative investment entities and co-investment entities to make, restructure or otherwise hold investments. Generally, in such event, each Limited Partner that participates in such an alternative investment vehicle would do so on the same terms and conditions as it participates in the Fund. Also, in order to facilitate investment by non-U.S., tax-exempt and certain other investors, the General Partner may create one or more parallel investment entities, the structure of which may differ from that of the Fund but that will invest proportionately in all transactions on substantially the same terms and conditions as the Fund, except as necessary to address legal, tax, regulatory or other considerations.

The eligibility and suitability requirements for each Fund are described in the applicable private placement memorandum (“PPM”), limited partnership agreement (“Partnership Agreement”), and subscription agreements (“Subscription Agreements”) (collectively referred to as the “Fund

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<sup>1</sup> For purposes of the Fund’s investment strategy, the definition of “New York CSA” includes: Bridgeport-Stamford-Norwalk, CT Metropolitan Statistical Area (“MSA”), Kingston, NY MSA, New Have-Milford, CT MSA, New York-Newark-Jersey City, NY-NJ-CT-PA MSA, Poughkeepsie-Newburgh-Middletown, NY MSA, and Trenton-Princeton, NJ MSA.

Offering Documents”). For purposes of this Brochure, references to “the Fund” or “each Fund” will also apply to future funds.

### *Assets Under Management*

As of December 31, 2022, Sagehall had \$475,216,822 in regulatory assets under management. All assets will be managed on a discretionary basis.

## **Item 5 Fees and Compensation**

Sagehall, the General Partner, and/or their respective affiliates will receive compensation in the form of management fees, carried interest distributions, and may receive certain other fees related to transaction fees (such as directors, consulting, management service, advisory, transaction or acquisition, commitment, underwriting, disposition, breakup or broken deal fees), property service fees (such as brokerage, sales agent, property management, construction management, development, and other property related services), and support services (such as accounting, financial reporting, administration, tax, internal audit, legal, debt placement, technology-related services, and other support services). In addition, Fund I and the SH AW CI Co-Investment will be charged for certain expense reimbursements. A description of fees and expenses charged to Fund I is further described in the Fund Offering Documents and in the paragraphs included below.

The SH AW CI Co-Investment is not charged any fees, but will be responsible for paying its pro-rata share of allocable expenses.

As an SEC-registered adviser, we are not required to include a fee schedule in a brochure that is delivered only to qualified purchasers as defined in section 2(a)(51)(A) of the Investment Company Act of 1940. The terms for payment of management fees and carried interest distributions are set forth in the Fund Offering Documents.

### *Management Fees*

Generally, Sagehall is entitled to receive, quarterly in advance, a management fee calculated and charged to or payable by the Limited Partners in the Fund. Generally, during the investment period of a Fund, Sagehall is entitled to an amount equal to a fixed percentage on committed equity. After the investment period, generally, the management fees will be charged as a fixed percentage on invested equity. The management fee is specifically set forth in the Fund Offering Documents. The General Partner reserves the right, in its sole discretion, to designate the General Partner and certain Limited Partners as being exempted from all or some portion of the management fee.

### *Incentive Compensation*

The General Partner of the Fund is generally entitled to receive a distribution of the investment proceeds as carried interest as per the terms of the Fund Offering Documents. The payment of any such carried interest to the General Partner is generally subject to certain conditions being satisfied with respect to an investment such as the prior return of capital to the Limited Partners and the payment to Limited Partners of a predetermined rate of return on their invested capital as

described in the Fund Offering Documents. The Fund has established a distribution waterfall describing the distribution priority. For more information regarding the specific terms of incentive carry, please consult the Fund Offering Documents.

#### *Transaction Fees*

While the General Partner is not currently charging the Fund any transaction fees, the General Partner may do so in the future. The management fee will be reduced by an amount equal to 100% of Transaction Fees attributable to Partners not designated as “affiliated partners” by the General Partner. “Transaction Fees” include any cash or non-cash compensation in the form of stock, options, warrants or other similar rights paid as directors, consulting, management service, advisory, transaction or acquisition, commitment, underwriting, disposition, breakup or broken deal fees or similar fees received by the General Partner, the Management Company, any Sagehall Person and/or their respective affiliates with respect to any Fund investment, in each case net of certain out-of-pocket costs, expenses and other amounts as set forth in the Partnership Agreement.

#### *Third Party Co-Investment; Reliance on Third-Party Joint Venture Partners and Managers:*

The joint venture partner may also be entitled to receive payments from, or allocations or performance-based compensation (e.g., carried interest) in respect of, the Fund as well as such investments, and in such circumstances, any such amounts may be treated as a Fund expense and will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Sagehall, be deemed paid to or received by Sagehall or reduce the management fee.

#### *Organizational Expenses*

The Fund will reimburse to the General Partner for the Fund’s and its affiliated entities’ organizational and startup expenses including travel, legal, accounting, tax, consulting, regulatory compliance, any administrative or other filings and other organizational expenses incurred in connection with the organization, funding and start-up of the Fund, the General Partner or any affiliated management company. The General Partner will bear the cost (through an offset against the management fee or otherwise) of all such organizational expenses in excess of an organizational expense cap, if any.

#### *Fund Expenses*

Each Fund will pay and bear all Fund expenses allocable to such Fund or Co-Investment, whether or not the investment vehicles make any profits. While it is difficult to predict the future expenses of the Fund, such expenses may be substantial and may surpass the Fund’s operating income. The amount of these partnership expenses will reduce the actual returns realized by Limited Partners on their investment in the Fund (and may, in certain circumstances, reduce the amount of capital available to be deployed by the Fund for investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of the Fund expenses ultimately called or called at any one time may exceed expectations.

Each Fund will pay, or reimburse the General Partner or any other Person advancing payment for, all other fees, costs, expenses, liabilities and obligations relating to the Funds and/or their activities, business, subsidiaries or actual or potential portfolio investments (to the extent not borne or reimbursed by a subsidiary or a portfolio investment or potential portfolio investment), including all fees, costs, expenses, liabilities and obligations (referred to collectively in this definition as “costs”) relating or attributable to: (i) activities with respect to the origination, identification and sourcing of investment opportunities for the Fund, including attending industry conferences and events, meeting with consultants, finders, broker-dealers, investment banks and other sources of investments and developing and maintaining an investment pipeline; (ii) activities with respect to the pursuing, developing (including costs of tenant and capital improvement), structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases or research services), acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, leasing, servicing, taking public or private, selling, valuing, winding up, liquidating, dissolving, or otherwise disposing of, as applicable, subsidiaries and actual and potential investments (including follow on investments) and in connection with any REIT Subsidiary (including costs attributable to qualifying any REIT Subsidiary as a REIT and maintaining such qualification) or an ERISA operating company (including costs attributable to structuring the Funds to qualify or preserve the ability to qualify, or structuring any acquisition financing or other transaction with respect to any such Person to qualify or preserve the ability to qualify, as an ERISA operating company and maintain such qualification) or in seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other costs payable to attorneys, accountants, tax professionals, investment bankers, operating or joint venture partners, lenders, third-party diligence, software and service providers, consultants and similar professionals in connection therewith) and any costs and/or compensation related to transactions that were or may have been offered to co-investors or pursued with joint venture partners, whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (iii) indebtedness of, or guarantees made by, the Funds or the General Partner on behalf of the Funds (including any credit facility, letter of credit or similar credit support), including interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iv) financing, commitment, origination and similar activities; (v) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, sales, investment banker and similar services; (vi) brokerage, sale, custodial, depository, local paying agent, trustee, record keeping, account registered office and similar services (including any depository appointed pursuant to the AIFMD and any Swiss representative, paying agent and/or local ombudsman appointed pursuant to the Swiss Collective Investment Schemes Act (as amended), including any law, rule or regulation relating to the implementation thereof); (vii) reporting, filings and other initial or ongoing compliance requirements contemplated by the AIFMD or any similar law, rule or regulation, including secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (viii) legal, accounting, research, auditing, technology, administration (including costs associated with any third-party administrator and administration, tracking or reporting software, if any), information, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services), real estate title, survey, hedging, consulting (including consulting and retainer fees, salary and other compensation paid to, and benefits or personnel costs provided to or on behalf of, consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and

policies and other consultants), tax and other professional services (including costs related to the establishment or maintenance of any such activities or services); (ix) property management, leasing, construction management, development, environmental, brokerage, sales agents and other services ;(x) reverse breakup, termination and other similar arrangements; (xi) insurance, including directors and officers liability, fidelity bond, cybersecurity, errors and omissions liability, crime coverage, property and casualty and general partnership liability premiums and other insurance (including costs 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; (xii) filing, title, transfer, survey, registration and other similar activities; (xiii) printing, communications, mailing, courier, marketing and publicity; (xiv) the preparation, distribution or filing of financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with Partners, any other administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis Reports), or other information, including costs of any third-party service providers and professionals related to the foregoing; (xv) compliance with any tax or financial account reporting regime, including FATCA, the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard and any similar laws, rules and regulations, including any costs of any third-party service providers and professionals related to the foregoing; (xvi) 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); (xvii) any activities with respect to protecting the confidential or non-public nature of any information or data, (including any costs incurred in connection with the EU Data Protection Law or FOIA); (xviii) to the extent provided in the Partnership Agreement or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the Advisory Board (including any reasonable out-of-pocket costs incurred by representatives of the General Partner, the Advisory Board members, permitted observers and other Persons in attending or otherwise participating in meetings of the Advisory Board); (xix) indemnification (including legal and any other costs incurred in connection with indemnifying any Partner or other Person pursuant to the Partnership Agreement or otherwise and advancing costs incurred by any such Person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreement), except as otherwise set forth in the Partnership Agreement; (xx) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs of discovery related thereto and any judgment, other award or settlement entered into in connection therewith; (xxi) any annual, periodic or special meeting of the Partners and any other conference, meeting or webcast or other video conference with any Partner(s), in each case to the extent incurred by the Fund or the General Partner; (xxii) except as otherwise determined by the General Partner in its sole discretion, any cost relating to any alternative investment vehicle or its activities, business, subsidiaries or actual or potential investments that would be a Fund Expense if it were incurred in connection with the Fund and any other costs related to any structuring or restructuring of any Fund entity; (xxiii) the termination, liquidation, winding up or dissolution of the Fund and any Persons owned directly or indirectly by the Fund (including portfolio investments) and related entities; (xxiv) defaults by Partners in the payment of any capital contributions; (xxv) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund, the General Partner, the Ultimate General Partner, any management companies associated with the



Partnership and any entities owned directly or indirectly by the Fund (including portfolio investments) and any alternative investment vehicle, including the preparation, distribution and implementation thereof; (xxvi) (A) compliance 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), including any legal, administrator, consulting or other third-party service provider costs related thereto, any regulatory costs of the General Partner or any of its affiliates incurred in connection with the operation of the Fund and any costs related to compliance with any environmental, social or governance or other investment considerations and policies applicable to the Fund, the General Partner and/or any of their respective affiliates and/or (B) the validation or other confirmation of any payments made to the Fund or the General Partner (including as a result of any anti-money laundering laws, rules or regulations); (xxvii) any litigation or governmental inquiry, investigation or proceeding, including any costs of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such costs or amounts have been determined to be excluded from the indemnification provided for in the Partnership Agreement; (xxviii) unreimbursed costs incurred in connection with any transfer or proposed transfer or any Limited Partner's name change, internal restructuring or change in trust, registered agent or custodian; (xxix) any taxes, fees and other governmental charges levied against the Fund and all costs incurred in connection with any tax audit, inquiry, investigation settlement or review of the Fund (except to the extent that the Funds are reimbursed therefor by a partner) and any costs of or related to the "partnership representative" and/or the "designated individual" of the Fund; (xxx) distributions to the partners and other costs associated with the acquisition, holding and disposition of investments, including extraordinary expenses; (xxxi) compliance or regulatory matters, except as otherwise set forth in the Partnership Agreement, including compliance with the Partnership Agreement and/or any side letter or similar agreement; (xxxii) any travel (including air travel, car or ride sharing services and other modes of transportation), meals and lodging relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxiii) the negotiation and preparation of any side letters or similar agreements (including any "most favored nations" process); (xxxiv) all costs associated with operating a Feeder Fund which invests all or substantially all of its assets in the Fund to the extent not paid by investors in such Feeder Fund, including all expenses associated with its formation, management, operation, winding-up, liquidation and dissolution and with preparing and distributing such Feeder Fund'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 Fund.

#### *Reimbursement for Support Services*

The General Partner or its affiliates may provide any or all of the Property Services (as defined in the Partnership Agreement and including brokerage, sales agent, property management, leasing, construction management, development and other property related services) and Support Services (as defined in the Partnership Agreement and including accounting, financial reporting, administration, tax, internal audit, legal, debt placement, technology-related services and other support services) to the Fund or a portfolio investment that would otherwise be performed for the Fund or such investment on terms that are determined by the General Partner to be fair and reasonable to the Fund or such investment.

It is intended that the General Partner or its affiliates will receive fees for providing Property Services; provided that any such fees will not exceed the lesser of (x) the cost of providing such services and (y) the rate that would be payable by the Fund or such investment if such services were provided by unaffiliated third parties in the business of providing comparable services, unless otherwise consented to by the Advisory Board.

The General Partner or its affiliates will not receive a fee for providing Support Services, but it is intended that each Fund will reimburse the General Partner and its affiliates its allocable share for any overhead expense (including rent, utilities, office maintenance, office supplies and hardware, storage, human resources and benefits administration, technology and software costs) and/or employee compensation costs (including salary, benefits, bonus, deferred compensation, salary overhead, payroll administration and charges) that the General Partner determines are applicable to Support Services; provided that any such reimbursement shall not exceed the lesser of (x) the cost of providing such services and (y) the rate that would be payable by the Fund or such investment if such services were provided by unaffiliated third parties in the business of providing comparable services, unless otherwise consented to by the Advisory Board.

The General Partner does not intend to become a “profit center” through its use of Property Services or Support Services. The General Partner will disclose to the Advisory Board on an annual basis any fees charged with respect to Property Services and Support Services performed for the Fund or its portfolio investments.

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

Please see the section titled “Incentive Compensation” under Item 5 above for a description of the performance based fees allocable to the General Partner. Sagehall generally receives a portion of the Fund’s distributable proceeds as incentive compensation. As a result, Sagehall has a potential conflict of interest in the allocation of an investment opportunity among those Funds that have capital available for investment and for which the investment might otherwise fall within their respective investment objectives. However, the potential for any such conflict of interest is limited by the terms of the Fund Offering Documents for the Fund, which require that Fund I must be substantially invested or committed for investment prior to Sagehall raising capital for another fund or account with investment objectives substantially similar to those of such Fund.

## **Item 7      Types of Clients**

### *Types of Clients*

Sagehall provides investment advisory services to the Fund, which invests in equity interests in real estate related assets. Investors in the Fund may include, but are not limited to, pension plans, endowments, foreign institutions, corporate and business entities, and foundations, trusts, and high net worth individuals. The minimum commitment of a limited partner (collectively, the “Limited Partners”) is \$5 million, although individual commitments of lesser amounts may be accepted at the discretion of the General Partner. Unless any of the following requirements are waived in the sole discretion of the General Partner, prospective investors in the Fund must be, among other things, (i) “accredited investors,” as that term is defined in Regulation D of the Securities Act, (ii)

“qualified purchasers,” as that term is defined in Section 2(a)(51)(A) of the Investment Company Act, and (iii) otherwise qualified to invest under applicable law.

### *Side Letters*

The Fund or the General Partner, without any further act, approval or vote of any Partner, may enter into side letters or other similar agreements with certain Limited Partners that have the effect of establishing rights under, or altering or supplementing the terms of, the Partnership Agreement with respect to certain Limited Partners. Costs attributable to the negotiations and preparation of such side letters or similar agreements (including pursuant to any “most-favored-nations” process) will be borne by the Fund as a Fund Expense.

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

### *Methods of Analysis & Investment Strategy*

As described in Item 4 above, Sagehall typically seeks off-market and other limited-competition opportunities across all major real estate types (including residential, hotel, retail, student housing, industrial, land, and office) with the potential to achieve a spectrum of outcomes rather than binary results.

Such assets may have management and/or capital structures that are inefficient and/or distressed. However, Sagehall believes these underlying real estate assets are of high quality. The Firm believes that the Investments Team’s extensive experience with workout situations across the entire real estate capital stack will allow them the opportunity to generate attractive risk-adjusted returns.

### *Risk of Loss*

The list of risks below do not necessarily cover all risks associated with these investments. For a more comprehensive list, please refer to Fund I’s PPM for further information.

Market Conditions. The real estate industry generally, and the success of the Fund’s investment activities in particular, will both be affected by general economic and market conditions in the United States and other countries, as well as by changes in applicable laws, trade barriers, currency exchange controls, and national and international political and socioeconomic circumstances in respect of the countries in which the Fund may invest.

Market Disruptions; Systemic Risk. The Fund may incur major losses in the event of disrupted and/or illiquid markets and other extraordinary events in which historical pricing relationships become materially distorted, including through government intervention. Risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, such that a default by one institution causes a series of defaults by other institutions. This is sometimes referred to as systemic risk. Systemic risk may adversely

affect financial intermediaries, such as clearinghouses, banks, securities firms and exchanges, with which the Fund interacts on a daily basis.

Controlling Person Liability. The exercise of control over a real estate or real estate related asset can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Fund might suffer a significant loss.

General Real Estate Risks. The Fund's investments will be subject to the risks incident to the ownership and operation of real estate and real estate-related businesses and assets, including changes in the general economic climate, local, national or international conditions (such as an oversupply of space or a reduction in demand for space), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties and changes in the relative popularity of property types and locations, changes in the financial condition of tenants, buyers and sellers of properties, changes in operating costs and expenses, uninsured losses or delays from casualties or condemnation, changes in tax laws and other applicable laws (including real estate and environmental), government regulations (including those governing usage, improvement and zoning) and fiscal policies, the availability of financing, risks due to dependence on cash flow, interest rate levels, environmental liabilities, contingent liabilities, successor liability for investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property), acts of God, acts of war (declared or undeclared), terrorist acts, work stoppages, shortages of labor, strikes, union relations and contracts, energy and supply shortages, fluctuating prices and supply of labor and/or other labor-related factors and other factors beyond the control of the General Partner, the Fund and their respective affiliates.

The Fund will be subject to the burdens of ownership of real property, which include paying expenses and taxes (such as mortgage payments, real estate taxes and maintenance costs), maintaining such property and any improvements thereon, and ultimately disposing of such property. The Fund will need to comply with certain legal, tax and other requirements prior to liquidating such investments.

Development and Construction or Renovation Risks. The Fund's investments may include acquisition of direct or indirect interests in undeveloped land or underdeveloped real property (which may often be non-income producing), real estate developments or redevelopments and/or businesses that engage in real estate development or redevelopment. To the extent that the Fund invests in such assets or activities, it will be subject to the risks normally associated with such assets and development activities, including the possibility of development cost overruns and delays due to various factors (including inclement weather, labor or material shortages, the unavailability of construction and permanent financing and timely receipt of zoning and other regulatory approvals), the availability of both construction and permanent financing on favorable terms and market or site deterioration after acquisition. Any unanticipated delays or expenses could have an adverse effect on the results of operations and financial condition of the Fund. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may

continue to experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced.

Potential Environmental Liabilities. Under various federal, state and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on the Fund's return from such investment.

Public Health Emergencies; COVID-19. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current COVID-19 pandemic have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Fund.

Leveraged Investments. The Fund may employ leverage in the acquisition, operation and ownership of its investments and may refinance its investments, if desirable. Leverage may be put in place at the time of, or at any time subsequent to, the Fund's initial investment. The Fund is permitted to provide interim bridge financing with respect to an investment, pursuant to which repayment may be financed through receipt of proceeds of divestitures or asset sales by the borrower or other methods. Debt could take the form of mortgage or other financing at the property level or ownership level. Such use of leverage generally magnifies the Fund's opportunities for gain and its risk of loss from a particular investment.

Litigation. In the ordinary course of its business, certain of the Fund's investments may be contentious and adversarial, and the Fund and/or Sagehall may be subject to litigation from time to time. It is by no means unusual for parties to use the threat of, as well as actual, litigation as a negotiating technique. The General Partner anticipates that during the term of the Fund, Sagehall, the Fund and perhaps certain of its larger Limited Partners may be named as defendants or subpoenaed as a non-party witness in civil proceedings. Similarly, Sagehall or the Fund could file objections, pursue lawsuits or adversarial proceedings or take other legal action to pursue or defend rights as investors. The outcome of such proceedings may materially adversely affect the value of the Fund and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the General Partner's and the principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. The expense of defending against claims by third parties, responding to subpoenas, pursuing rights through legal action and paying any amounts pursuant to settlements or judgments would generally be borne by the Fund

Investments in Real Estate Equity Securities. The Fund is permitted to purchase publicly traded or privately placed equity securities, including common stock and preferred stock (including convertible preferred stock), limited partner interests, limited liability company interests, interests in REITs and other equity securities, as well as warrants with respect to such equity securities. The Fund also expects to make equity investments in real estate, both directly and with joint venture partners; such investments may be made through the purchase of all or part of a fee simple ownership or a more limited form of ownership, or all or part of a leasehold interest. Investment in an equity interest may give the Fund a right to part or all of the cash flow and capital appreciation generated by the property. The Fund also expects to make control investments through the purchase of equity securities.

Investments in Real Estate Debt. The Fund may hold direct or indirect investments in certain real estate related debt instruments. In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real estate investments generally, real-estate related debt investments are subject to a variety of risks, including the risks of illiquidity, lack of control, mismanagement or decline in value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on the exercise of contractual remedies for defaults of such investments. Debt investments have special inherent risks relative to collateral value. In the event of default, the source of repayment is limited to the value of the collateral and may be subordinate to other lien holders (and the collateral value of the property may be less than the outstanding amount of the investment). Real estate loans acquired by the Fund may be at the time of their acquisition, or may become after origination, participation or acquisition, non-performing for a wide variety of reasons. Non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. To the extent that the Fund purchases partial interests in non-performing loans, the Fund may not have control over the workout process and the management of the real estate assets. It may be necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by the Fund, and the foreclosure process can be lengthy and expensive.

Insurance May Not Cover All Losses. Uninsured and underinsured losses at the fund level or investment level could harm the Funds' overall financial condition, results of operations and ability to make distributions to its Limited Partners. Certain types of losses generally are either uninsurable (or not economically insurable) or may be subject to insurance coverage limitations. There is no obligation under the Partnership Agreement to obtain insurance which is not otherwise generally required by law. The Funds may be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters and other catastrophic events. Should an uninsured loss or a loss in excess of insured limits occur, these risks of loss can be substantial and could have a material adverse effect on the Funds, causing the Funds to lose all or a portion of the capital it has invested in an investment, as well as the anticipated future revenue from the investment. These same risks apply to any capital deployed by an investment of the Funds. In that event, the Funds and/or its investment might nevertheless remain obligated for any notes payable or other financial obligations related to the investment, in addition to obligations to the Funds' and/or its investment's ground lessors, franchisors and managers. Inflation, changes in building codes and

ordinances, environmental considerations, provisions in loan documents encumbering the investments pledged as collateral for loans, and other factors might also keep the Funds and/or its investment from using insurance proceeds to replace or renovate an investment after it has been damaged or destroyed. Under those circumstances, the insurance proceeds the Funds and/or its investment receives might be inadequate to restore the Funds' and/or its investment's economic position on the damaged or destroyed investment.

Non-Performing Loans; Foreclosure Process. Debt investments (including real estate loans) by the Fund may be, at the time of their acquisition, or may become, after origination, participation or acquisition, non-performing for a wide variety of reasons, many of which are outside the control of the General Partner, the Fund or their affiliates. Non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loans. To the extent that the Fund purchases partial interests in non-performing loans, the Fund may not have control over the workout process or the management of the real estate assets after such a workout.

Non-U.S. Investments. The Fund may invest in investments located outside of the United States. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the Partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the Partners. Additional non-U.S. laws, rules and regulations may be proposed and adopted in the future, which could affect Limited Partners, as well as the Fund and the entities and assets in which the Fund invests.

Hedging Arrangements. The General Partner is permitted, but is not obligated, to endeavor to manage the Fund's or any investment's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") markets, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect on the performance of the Fund, and in some cases, hedging arrangements may result in losses greater than if hedging had not been used.

The use of hedging transactions involves certain risks, including (i) the possibility that interest and currency rates fluctuate in a manner that would have led to better performance for the Fund if the Fund had not entered into such a transaction, (ii) the risk of imperfect correlation between the risk being hedged and the instrument used to hedge such risk, and (iii) potential lack of liquidity for the instrument used to hedge the risk. Engaging in hedging transactions may result in worse overall performance for the Fund than if it had not engaged in any such hedging transactions.

In some cases, particularly in OTC markets, hedging arrangements will subject the Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulators or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulators impose position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of the Fund to hedge its exposures becomes limited by such requirements.

Inflation Some countries, including the United States, have experienced and may experience in the future, substantial rates of inflation, which may have negative effects on the economies and securities markets of their economies. Governmental efforts to curb inflation (such as price controls) may involve drastic economic measures affecting the level of economic activities. There can be no assurance that the relevant governments will be able to exercise effective control over inflation rates or that a high rate of inflation will not have a materially adverse effect on the Fund or its investments.

Banking Counterparty Risk. Sagehall relies upon third-party banks or other custodians to hold and safeguard client assets and provide credit facilities that may be used to pay fund expenses and purchase new investments. While Sagehall carefully selects and monitors its custodians, there is no guarantee that such custodians will not experience financial difficulties or otherwise fail, which could prevent Sagehall from accessing client funds, securities, or credit facilities. Sagehall could be required to call investor capital to pay expenses or purchase investments that otherwise would have been financed through a credit facility, or Sagehall could be prevented from making timely distributions of investor capital in the event a banking counterparty is shut down by regulators. These events could negatively impact fund performance or result in substantial delays in the return of capital to investors.

Conflicting Investor Interests. Limited Partners will likely have conflicting investment, tax, legal, regulatory and other interests and restrictions with respect to their investments in the Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts have the potential to arise in connection with decisions made by the General Partner regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the General Partner generally will consider the investment and tax objectives of the Fund and its Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually.

Operational and System Risk. The Fund depends on Sagehall and the Fund's third-party service providers to develop appropriate systems and procedures with respect to the Fund's activities, including to control operational and system risks. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked,



evaluated or accounted for or other similar disruption in the Fund's operations may lead to financial losses, the disruption of its businesses, liability under applicable law, regulatory intervention or reputational damage. The Fund's businesses are highly dependent on Sagehall and the Fund's third-party service providers' ability to process, on a daily basis, a large number of transactions across numerous and diverse markets. Consequently, the Fund relies heavily on their financial, accounting, risk and other data processing systems, including computer programs to monitor its portfolios and net capital and to generate risk management and other reports that are critical to the oversight of the Fund's activities. In addition, certain of the Fund's and Sagehall's operations interface with or depend on systems operated by third parties and other service providers, and Sagehall's may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including those caused by computer "worms," viruses and power failures. Any such defect or failure could have a material adverse effect on the Fund. Studies have shown that the lack of adequate systems can be a significant contributing factor to fund failures.

Cybersecurity. As the use of technology has become more prevalent in the course of business, the Fund has become more susceptible to operational, financial and information security risks resulting from cyberattacks. Cyberattacks include, among other things, the attempted theft, misuse, improper release, corruption or destruction of, or unauthorized access to, confidential or highly restricted data relating to Sagehall, the Fund and its investors and joint venture partners, attempted compromises, disruptions or failures to systems, networks, devices and applications relating to the operations of Sagehall, the Fund and joint venture partners and their respective service providers, extortion, and fraudulent attempts to negatively influence employee behavior. Cybersecurity breaches may be perpetrated by governments or governmental actors, organized crime, "hacktivists," employees or others and may be effected through malware, ransomware, social engineering or phishing, infected media or denial of service attacks.

Advisory Board. The General Partner will appoint one or more Limited Partner representatives to the Advisory Board. The Partnership Agreement may provide that to the fullest extent not prohibited by applicable law, none of the Advisory Board members owe any fiduciary duties to the Fund or any other Partner. In addition, representatives of the Advisory Board may have various business and other relationships with Sagehall and its partners, employees and affiliates. These relationships have the potential to influence their decisions as members of the Advisory Board.

Valuation Risk. Valuation of certain of the Funds' investments involves uncertainties and judgmental determinations. In particular, independent pricing information at times is not available with respect to certain of the Fund's investments. Accordingly, certain investments are likely to be difficult to value and may be subject to varying interpretations of value. The General Partner reserves the right to rely on the advice of the Management Company, brokers, custodians, accountants, appraisers, administrators, independent consultants, professional advisors or pricing services in connection with such determination of the value of the Fund's assets and liabilities.

Due to a wide variety of market factors and the nature of certain investments to be held by the Fund, there is no guarantee that the value determined by the General Partner will represent the value that will be realized by the Fund on the eventual disposition of the investment. Moreover,

the valuations to be performed by the General Partner may be inherently different from the valuation of the Fund's investments in the event the Fund were forced to liquidate all or a significant portion of its investments, for which a liquidation valuation could be materially lower.

Projections. Projected performance for the Fund's investments normally will be based primarily on financial projections. In all cases, projections are only estimates of future results that are based upon information relating to investments and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. As with all investments, the Fund's investments are subject to the risk of loss of the amount invested, in whole or in part. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Third Party Co-Investment; Reliance on Third-Party Joint Venture Partners and Managers. The Fund is permitted to co-invest through partnerships, joint ventures or other entities with one or more third parties as a co-venturer or partner, including with the seller (or an affiliate thereof) of the investment, a person involved in the selling or acquisition of the investment, an investor in the Fund (or other vehicle controlled by Sagehall) or other third parties. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that: (i) the Fund and such co-venturer may reach an impasse on a major decision that requires the approval of both parties; (ii) a co-venturer or partner of the Fund may at any time have economic or business interests or goals that are inconsistent with those of the Fund; (iii) the co-venturer or partner may encounter liquidity or insolvency issues or may become bankrupt; (iv) the co-venturer or partner may be in a position to take action contrary to the Fund's investment objective; (v) the co-venturer or partner may take actions that subject the investment to liabilities in excess of, or other than, those contemplated; or (vi) in certain circumstances the Fund may be liable for actions of its co-venturers or partners.

## **Item 9      Disciplinary Information**

Sagehall and its employees have not been involved in any legal or disciplinary events in the past 10 years that Sagehall believes would be material to a client's evaluation of Sagehall's advisory business or the integrity of its management.

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

### *Vertically Integrated Property Services*

While Sagehall's primary business is providing investment advisory services through its affiliated entities to the Fund, affiliates of Sagehall may provide property management, leasing services or construction and development management to certain of the real estate properties held by the Fund in the future. Investors should also refer to each Fund's annual reports for additional information regarding related party transactions that may be affected from time to time.

### *Employee Relationships*

Employees of Sagehall may have family members and/or friends that are employed with, or are otherwise affiliated with, entities that provide services or engage in business transactions with Sagehall and/or the Fund. Examples of such relationships may include entities that are the Fund investors, joint venture partners, operating partners, real estate or securities brokers, lenders, and/or tenants in buildings owned by the Funds. Employees are required to report certain relationships to the Compliance Department for further review of potential conflicts of interest.

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

### *Code of Ethics*

Sagehall has adopted a written Code of Ethics designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act.

This Rule requires Sagehall to adopt a Code of Ethics that sets forth a standard of business conduct and compliance with federal securities laws by all of its employees. Sagehall's Code of Ethics contains policies and procedures that require the following: (i) pre-clearance before purchasing real estate related securities, or any securities in initial public offerings or private placements; (ii) periodic reporting of employees' personal securities transactions and holdings; and (iii) prompt internal reporting of any violations of the Code of Ethics.

Sagehall expects from time to time to come into possession of confidential or material, non-public information. In the event Sagehall has access to or is in possession of material, non-public information (whether purposely or inadvertently) concerning a portfolio investment in which the Fund invests or may invest, Sagehall may be restricted from effecting related purchases and/or sales on behalf of the Fund. Such a restriction may force the Fund to hold portfolio investments longer than anticipated or cause the Fund to forego an opportunity to profit on certain portfolio investments which, if such information had not been known to it, may have been undertaken on account of Sagehall's internal policies. Sagehall, in an effort to avoid restriction for the Fund, may, and does expect to from time to time, elect not to receive such material, non-public information, which may be relevant to the Fund's portfolio or a potential investment opportunity that other market participants are eligible to receive or have received.

Sagehall will provide a copy of its Code of Ethics to investors or prospective investors, upon request. Please contact us at [operations@sagehallpartners.com](mailto:operations@sagehallpartners.com) should you have any questions concerning the Code of Ethics or wish to obtain a copy.

### *Co-Investment Opportunities*

Employees and/or related persons of Sagehall may participate in co-investment entities that invest in real estate assets that are related to investments of the Funds. The Fund Offering Documents for certain Funds provide for the terms by which the investors may be allowed to co-invest with that Fund in real estate assets. Those terms generally provide that to the extent Sagehall elects to offer any opportunity to co-invest with a Fund to the investors of that Fund (including affiliates of Sagehall), Sagehall must offer any such co-investment opportunities to such investors pursuant to the terms of such Fund's Fund Offering Documents. The Fund Offering Documents generally

provide that a co-investment opportunity is one Sagehall elects to offer to such persons because investment limitations, lack of available capital, applicable law or Fund objectives (including diversification requirements) limit the amount such Fund would otherwise invest in such investment opportunity as determined in good faith by Sagehall in its sole discretion. Potential conflicts of interest are expected to arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the General Partner in its sole discretion, may not be in the best interests of the Fund or any individual Limited Partner. In exercising its sole discretion in connection with such co-investment opportunities, the General Partner is permitted to consider some or all of a wide range of factors, which may include factors which benefit the General Partner such as the likelihood that an investor may invest in a future fund sponsored by the General Partner or its affiliates.

### *Personal Investments*

Sagehall and its principals have made personal investments in the Funds alongside the investors. As previously described, Sagehall receives incentive compensation from the Funds. Affiliates of the General Partners may pay no or reduced management fees, acquisitions fees or incentive compensation in connection with their investments in the Funds. Employees of Sagehall may invest personally in real estate-related investments subject to the restrictions of Sagehall's Code of Ethics and the Fund Offering Documents.

Additionally, Sagehall, its affiliates and/or personnel maintain relationships, including professional or personal relationships, with financial institutions, service providers, operating partners, joint venture partners and other market participants, including managers of private funds, banks and brokers (collectively, "Third Party Providers"). Certain of these Third Party Providers, their affiliates and/or personnel will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Sagehall, its affiliates, personnel and/or the private funds or other investment vehicles advised by Sagehall (including the Funds). In addition, Sagehall, its affiliates and/or personnel may invest (or may be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to certain Third Party Providers, their affiliates, personnel and/or their private funds or other investment vehicles they advise. Sagehall, its affiliates and/or personnel may have a conflict of interest with a Fund in recommending or making decisions regarding the retention or continuation of a Third Party Provider to such Fund if such recommendation, for example, is motivated by a belief that the Third Party Provider, its affiliates and/or personnel may be more likely to continue to invest in one or more of Sagehall's and/or its affiliates' private funds, allow Sagehall, its affiliates and/or personnel to continue to invest with the Third Party Provider, provide Sagehall, its affiliates and/or personnel with information about markets and industries in which Sagehall and/or its affiliates operate (or is contemplating operations) or provide other services that are beneficial to Sagehall, its affiliates and/or its personnel. Sagehall and/or its affiliates may have a conflict of interest in making such recommendations or decisions.

From time to time, employees of Sagehall and persons selected by them expect to receive the benefit of "friends and family" and similar discounts while staying at properties owned by the Funds while traveling for business or personal reasons. Because such properties generally offer such discounts to customers other than employees of Sagehall and persons selected by them as part of their standard commercial practices in an effort to expand their respective customer bases, Sagehall believes that the potential for conflicts of interest relating to such discounts is mitigated.

Discounted prices or better terms offered by a Fund-owned property to employees of Sagehall or any other third parties have the potential to affect the returns of the applicable investment. Employees are prohibited from requesting and/or accepting accommodations by Fund-owned properties that are free of charge to the employee, while traveling on personal time.

Expenses relating to the Funds or properties are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, “points,” “cash back,” rebates, discounts and other arrangements, prerequisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not de minimis or difficult to value) generally will inure to the benefit of Sagehall and/or the personnel participating in the rewards program, rather than the properties, the Fund, or their respective investors; no such rewards will offset management fees.

#### Conflicts of Interest

General. Sagehall has multiple advisory, transactional, financial and other interests that have the potential to conflict with those of the Fund and the Limited Partners. Sagehall expects to engage in additional activities in the future that result in additional conflicts of interest not addressed below. Any such conflicts could have a material adverse effect on the Fund and the Limited Partners.

There can be no assurance that the General Partner will resolve all conflicts of interest in a manner that is favorable to the Fund. By acquiring Interests, each Limited Partner will be deemed to have acknowledged and consented specifically to the existence of actual, apparent and potential conflicts of interest relating to Sagehall, including those described in this section and to the operation of the Fund subject to those conflicts.

Allocation of Investment Opportunities. Until such time as the General Partner is permitted to raise a successor investment fund to the Fund, the principals will pursue all appropriate investment opportunities that meet the investment criteria of the Fund principally for the benefit of the Fund, subject to certain exceptions set forth in the Partnership Agreement. However, the principals expect in the future to manage several other investment funds besides the Fund and investments similar to those in which the Fund will be investing and expect to direct certain relevant investment opportunities or resources to those investment funds and investments. The General Partner believes that the significant investment of the principals in the Fund, as well as the principals’ interest in the carried interest, operate to align, to some extent, the interest of the principals with the interest of the Partners, although the principals have or may have economic interests in such other investment funds and investments as well and receive management fees and carried interest relating to these interests. At such time as the General Partner is permitted to raise a successor investment fund to the Fund, the principals will continue to manage the Fund’s investments, but also may and likely will focus investment activities on other opportunities and areas unrelated to the Fund’s investments. Certain investments may be allocated between the Fund and any successor or predecessor fund in a manner as set forth in the Partnership Agreement.

Service Providers; General Partner Personnel. The General Partner and the Management Company from time to time use advisors, consultants or other professionals to provide research and other services in connection with the investments of the Fund. Such advisors, consultants and

other professionals will only have contractual and not general fiduciary duties to the Fund, the General Partner and/or the Management Company. Such advisors, consultants and other professionals provide services to other clients in the ordinary course, including other funds in which Sagehall may wish to pursue an investment. Therefore, notwithstanding any compensation paid to such advisors, consultants and other professionals by the Fund, the interests of such advisors, consultants and other professionals have the potential to conflict with the interests of the Fund. Such advisors, consultants and other professionals are also expected to provide services to the General Partner that are not in connection with the Fund. In such cases, the General Partner is expected to benefit from the full scope of the relationship through lower fees or other perquisites. To the extent the General Partner receives any such benefits, it is generally expected that the Fund will not receive any compensation in exchange, whether through fee breaks, reimbursements or otherwise.

Over the life of the Fund, the General Partner and the Management Company are permitted to cause the Fund to contract for services with various service providers, potentially including, among others: (i) the General Partner or the Management Company (or an affiliate, including other investment funds sponsored by Sagehall) and at rates determined or substantively influenced by the General Partner and the Management Company; (ii) an entity with which Sagehall or current or former members of their personnel has a relationship or from which such person derives a financial or other benefit; or (iii) a Limited Partner (or a limited partner of another fund) or its affiliates. This subjects the General Partner and the Management Company to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio investment performance, in certain circumstances the General Partner and the Management Company have an incentive to recommend the related or other person because of its financial or business interest. Additionally, there is a possibility that the General Partner and the Management Company, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the General Partner, the Management Company, the Fund or other investment funds sponsored by Sagehall), could favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person. Whether or not the General Partner and/or the Management Company has a relationship with or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Sagehall would have a potential conflict of interest in determining the costs of such services that will be charged to the Fund. For instance, although such compensation must be on terms that Sagehall believes are commercially reasonable in light of the services provided, Sagehall is subject to a conflict of interest in evaluating the services provided and determining what terms and compensation levels are commercially reasonable. Additionally, there are numerous subjective judgments required in determining whether or not third parties exist against which Sagehall could benchmark such terms and compensation levels and, in a number of instances, Sagehall may determine that no comparable service providers exist, in which case no benchmarks would be obtained.

Such use or retention would create an incentive for the General Partner and/or the Management Company to favor its affiliates over more qualified service providers, and would give rise to other significant conflicts of interest. For example, (i) while the General Partner and/or the Management Company has an incentive to utilize affiliated service providers, there can be no guarantee that such service providers will have a positive impact on the Fund or its investments, or that they will produce results better than those that could have been achieved by unaffiliated service providers; (ii) the General Partner and/or the Management Company would in certain cases be less incentivized to pursue remedies and enforce rights against an affiliated service provider as compared to an unaffiliated service provider; and (iii) the General Partner and/or the Management Company would have incentives to utilize an affiliated service provider in order to support such entity, benefit the other users of or purchasers from such entity, and/or benefit the Sagehall-affiliated owners of such entity, including by generating fees paid to such entity (which fees will not reduce the management fee). In addition, any affiliated service provider would likely have duties to parties other than the Fund or its investments, and the Fund would not necessarily be able to control or influence the standards or actions of such service provider notwithstanding its affiliation. Any such affiliated service provider could also be acquired by one or more third parties, which could reduce or eliminate any benefits the Fund previously received by virtue of its prior affiliation.

The General Partner and the Management Company reserve the right to employ personnel with pre-existing ownership interests in or who were employed by joint or co-venturers, portfolio investments owned by funds or investment vehicles advised by Sagehall; conversely, former personnel or executives of Sagehall expect from time to time to serve in significant management roles at service providers recommended by the General Partner or the Management Company. Similarly, Sagehall and/or its respective personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the General Partner, the Management Company and/or the Fund. The General Partner and/or the Management Company would have a potential conflict of interest with the Fund in recommending the retention or continuation of a third-party service provider to the Fund or a portfolio investment owned by the Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in Other Sagehall Vehicles, will provide Sagehall with information about markets and industries in which Sagehall operates (or is contemplating operations) or will provide other services that are beneficial to Sagehall, the Fund or such Other Sagehall Vehicle. The General Partner and/or the Management Company would have a potential conflict of interest in making such recommendations, in that Sagehall has an incentive to maintain goodwill between itself and the existing and prospective portfolio investments for the Fund, while the products or services recommended may not necessarily be the best available to the underlying investments held by the Fund.

Additionally, portfolio investments are expected to reimburse Sagehall or service providers retained at Sagehall' discretion for expenses (including travel expenses) incurred by Sagehall or such service providers in connection with the performance of services for such portfolio investment. This subjects Sagehall to conflicts of interest because the Fund generally does not

have an interest or share in these reimbursements. Subject to the Partnership Agreement and Sagehall's internal reimbursement policies and practices, Sagehall determines the amount of these reimbursements for such services in its own discretion.

Fees Paid to the General Partner. Because the Fund has a fixed investment period after which capital from Limited Partners generally may only be drawn down in limited circumstances, and because the management fee is, at certain times during the life of the Fund, calculated based upon the invested capital the Fund, the management fee structure creates an incentive for the General Partner to deploy capital when it might not otherwise have done so and to delay sales.

Allocation of Fees and Expenses. Sagehall is faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to the Fund. Sagehall, in its sole discretion, will allocate fees and expenses in accordance with the Partnership Agreement and the governing documents for such other Sagehall vehicles and in a manner that it believes is fair and equitable under the circumstances over time and considering such factors as it deems relevant. The allocations of such expenses in certain instances will not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of funds or co-investors receiving related benefits or proportionately in accordance with asset size. If an investment opportunity is not ultimately completed, the Fund will bear all or a portion of any break-up fee or broken deal expense or other fees, costs and expenses related to such unconsummated investment (including any broken deal expenses incurred prior to the initial closing date in connection with transactions that prior to the initial closing date are contemplated to be initial investments but which are ultimately unconsummated by the Fund). In cases where a co-investor is contemplated but has not yet made a binding commitment to invest, which is expected to be the case frequently in the case of "broken deals," the expenses that would otherwise have been borne by such co-investor will generally be borne by the Fund.

Liquidation of Investments. Investors should be aware of the inherent conflicts of interest that arise if another Sagehall vehicle liquidates an investment that is also held by the Fund. The sale of such investment by another Sagehall vehicle may not be optimal timing for the Fund and could negatively impact the value of such investment if it continues to be held by the Fund, especially in the case of illiquid investments. If the sale by another Sagehall vehicle of a common investment would require the sale of such investment by the Fund, such sale may be at a price and/or on other terms that are less favorable than the price and/or other terms that could have been received by the Fund if it was able to continue to hold such investment and sell it at a later time. In addition, it is possible that the Fund may not be able to dispose of a common investment because the disposition is not in the best interest of another Sagehall vehicle holding such investment, in which case the Fund may be required to continue holding the investment, including, potentially, after the expiration of the Fund's term (in which case the Fund will continue to pay management fees to the Management Company (or its designated affiliate) with respect to such investment).



## Item 12 Brokerage Practices

### *Brokerage Practices*

Sagehall does not generally utilize the services of any securities broker dealers in connection with the real estate transactions in which it engages on behalf of the Fund. Sagehall's advisory business generally does not involve securities broker dealers or directing the Fund to execute transactions (through broker dealers or otherwise), nor does the Fund direct Sagehall to engage securities broker dealers.

Sagehall generally engages a real estate broker in connection with the disposition or leasing of a real estate asset held on behalf of the Fund, including its own affiliates. Sagehall selects the brokerage company and the particular real estate broker that Sagehall believes will best represent the interests of the Fund.

### *Soft Dollars*

Sagehall does not currently utilize any soft dollar benefits or client referrals from broker-dealers in connection with investment transactions.

### *Allocation of Investment Opportunities*

Subject to certain exceptions set forth in the Partnership Agreement and unless otherwise consented to by the Advisory Board, the General Partner and its controlled affiliates are required to present to the Fund, any parallel fund, any alternative investment vehicle or any co-investment vehicle permitted under the Partnership Agreement, all investment opportunities until the end of the period (the "Exclusivity Period") commencing with the initial closing date and continuing until the earliest to occur of (i) the expiration of the investment period and (ii) such other events as set forth in the Partnership Agreement.

Unless otherwise consented to by the Advisory Board, during the investment period, the foregoing exclusivity will not apply to separately managed accounts or club funds or ventures including those that make investments in core or core-plus real estate assets in the New York CSA and do not have investment objectives in terms of risk and return substantially similar to those of the Fund.

Unless consented to by the Advisory Board, the General Partner will not, until at least 75% of the commitments have been invested, committed or allocated for investment, used for Fund expenses or reserved for follow-on investments or reasonably anticipated expenses of the Fund (including, for the avoidance of doubt, via letters of intent or similar written commitments to invest), commence marketing activities (i.e., distribute a private placement memorandum to third-party investors) in respect of another private, commingled, blind pool real estate fund that is a successor fund to the Fund with objectives, strategy and scope substantially similar to the Fund, except as set forth in the Partnership Agreement.

### *Co-Investment Policy*

The General Partner reserves the right, in its sole discretion, to provide or commit to provide co-investment opportunities to one or more Limited Partners and/or other persons and entities, in each case on terms to be determined by the General Partner in its sole discretion. In exercising its discretion to allocate co-investment opportunities with respect to a particular investment to and among potential co-investors and the terms thereof, the General Partner intends to consider some or all of a wide range of factors. In connection with any co-investment opportunity, the General Partner and its affiliates may receive and retain compensation (including a management fee and carried interest). Co-investment opportunities will have economic terms that are not materially more favorable to the General Partner or its affiliates than the terms applicable to the Fund (including, without limitation, provisions for payment of management fees and carried interest to the General Partner or its affiliates), except that any carried interest may be calculated solely with respect to such co-investment opportunity.

### *Advisory Board*

The General Partner has established an advisory board for the Fund composed of Limited Partner and parallel investment entity investor representatives selected by the General Partner all of whom will be unaffiliated with the General Partner. The Advisory Board will provide such advice and counsel as is requested by the General Partner in connection with Fund investments, potential conflicts of interest, and other Fund matters. The General Partner will retain ultimate responsibility for all decisions relating to the operation and management of the Fund, including investment decisions. For any transaction requiring consent under the Advisers Act, including consents in connection with conflict transactions or any “assignments” as that term is defined in the Advisers Act, each Limited Partner appoints the Advisory Board as an authorized body to provide such consent on behalf of the Limited Partners.

### *Principal and Cross Transactions*

Sagehall generally does not cause the Fund to engage in any principal or cross transactions. In the event that Sagehall does so, Sagehall will first consider and determine that the transaction is in the best interests of both participating Funds. Sagehall will obtain consent from the Advisory Boards or the limited partners of the Funds engaging in such cross transaction, to the extent deemed necessary or appropriate.

## **Item 13    Review of Accounts**

### *Review of Fund Portfolios*

Sagehall’s investment team meets frequently throughout the week to discuss new investment opportunities that may be presented to the Investment Committee. The current investment positions and assets within the Fund’s portfolios are monitored and reviewed by investment personnel on a daily and/or weekly basis or as necessary. The Investment Committee meets whenever needed to review and approve investment decisions for the Funds.

### *Fund Reporting*

Sagehall furnished to the Limited Partners (i) annual audited financial statements, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each Limited Partner's U.S. tax returns and (iv) descriptive investment information for each portfolio investment. Fund financial statements will include fair market value financial statements and capital account statements. Not more frequently than once every 3 years (on an asset-by asset basis), Sagehall will furnish to the Limited Partners third-party broker opinions of value.

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

### *Client Referrals*

Sagehall does not engage the use of placement agents or third-party solicitors to introduce prospective investors to the Fund.

### *Additional Compensation*

The Fund may act in conjunction with third parties (including property owners, developers, joint venture partners, managers and other investors) for competitive or strategic reasons or for other reasons that the General Partner determines will be to the benefit of the Fund. Such third parties may be offered the opportunity to joint venture with the Fund (and the General Partner may do so without offering such opportunity to any Limited Partner). Any compensation (including a management fee, carried interest and/or other compensation) received by the General Partner or its affiliates in conjunction with arranging and managing such joint ventures will be allocated to the Fund.

## **Item 15 Custody**

The Fund's General Partner is an affiliate of Sagehall and therefore Sagehall is generally considered to have custody of client assets. The Fund is audited annually and the audited financial statements, which are generally prepared in accordance with generally accepted accounting principles, are distributed to the Fund's investors within 120 days of the Fund's fiscal year end. Investors should carefully review the Fund's audited financial statements.

## **Item 16 Investment Discretion**

Sagehall has investment discretion over the Fund's assets, in accordance with the provisions described in the Fund Offering Documents. The Fund Offering Documents generally set forth certain limitations with respect to the management of the Fund and the activities of Sagehall, among others. Fund investors may enter into Side Letter agreements with Sagehall, as described in the section titled "Side Letters" under Item 7 above. These agreements may have the effect of limiting certain of Sagehall's activities.

## **Item 17    Voting Client Securities**

The Fund invests in real estate assets that in most instances do not result in or involve the issuance of proxies. To the extent that Sagehall does invest in any assets that issue proxy votes, the Firm will execute the proxy in accordance with its fiduciary duty to the Fund and Rule 206(4)-6 of the Investment Advisers Act. Sagehall has adopted and implemented written policies and procedures governing the voting of Fund portfolio securities. Sagehall will vote each proxy in the best interests of the Fund. Sagehall may abstain from voting specific proxies if the Firm believes that abstaining from the vote is in the best interest of the Fund.

Sagehall will review any potential proxy vote to identify conflicts or potential conflicts of interest. If Sagehall determines that a conflict or a potential conflict exists, the Firm may seek approval from the Advisory Board, where appropriate.

Sagehall will maintain a record of any proxy votes executed on behalf of the Fund, if applicable. Investors may request a copy of Sagehall's proxy voting policies and procedures, or any records of our the Firm executed any proxy votes by contacting us at [operations@sagehallpartners.com](mailto:operations@sagehallpartners.com) .

## **Item 18    Financial Information**

Sagehall does not require prepayment of management fees more than six months in advance and has never filed for bankruptcy and is not aware of any financial condition that it believes is expected to affect its ability to meet contractual commitments to the Funds.