
PART 2A OF FORM ADV: FIRM BROCHURE

CARROLL INVESTMENTS, LLC

March 31, 2023

CARROLL INVESTMENTS, LLC
3340 Peachtree Road NE, Suite 2250
Atlanta, GA 30326
Tel: (404) 812-8270
Website: www.carrollorg.com

This Firm Brochure (or "Brochure") provides information about the qualifications and business practices of Carroll Investments, LLC. If you have any questions about the contents of this brochure, please contact us at (404) 812-8270. 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.

Additional information about Carroll Investments, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Carroll Investments, LLC is a registered investment adviser. Registration with the SEC as an investment adviser does not imply that Carroll Investments, LLC or any of its principals possess a particular level or skill or training.

Item 2 - Material Changes

From time to time, Carroll Investments, LLC may amend this Disclosure Brochure to reflect changes in the firm's business practices, changes in regulations and for routine annual updates as required under the Investment Advisers Act of 1940, as amended (the "Advisers Act") or the rules adopted by the U.S. Securities & Exchange Commission ("SEC"). This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of Carroll Investments, LLC or in other information set forth herein.

Carroll Investments, LLC has experienced the following material change(s) to its Firm and/or advisory business since our initial filing of this Form ADV Part 2A Brochure ("Brochure") was completed in March 2022, as follows:

- Item 4: Updated the Brochure to reflect Regulatory Assets Under Managers as of December 31, 2022.

Item 3 - TABLE OF CONTENTS

Item 2 - Material Changes.....	2
Item 3 - TABLE OF CONTENTS	3
Item 4 - Advisory Business.....	4
Item 5 - Fees and Compensation.....	4
Item 6 - Performance-Based Fees and Side-By-Side Management.....	6
Item 7 - Types of Clients	6
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss	6
Item 9 - Disciplinary Information	21
Item 10 - Other Financial Industry Activities and Affiliations.....	21
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	22
Item 12 - Brokerage Practices.....	23
Item 13 - Review of Accounts	23
Item 14 - Client Referrals and Other Compensation	23
Item 15 - Custody.....	23
Item 16 - Investment Discretion	24
Item 17 - Voting Client Securities	24
Item 18 - Financial Information.....	24

Item 4 - Advisory Business

The Adviser is a Delaware limited liability company that was formed in August 2021. The Adviser performs investment advisory services from its offices in Atlanta, Georgia. The Adviser is owned by MPC Partnership Holdings LLC, of which the Adviser's CEO, M. Patrick Carroll, has a controlling interest.

The Adviser provides ongoing and continuous discretionary and non-discretionary investment management to private real estate funds and other pooled investment vehicles (each a "Fund" and together collectively, the "Funds"), each of which is a pooled investment vehicles that exempt from the definition of an "investment company" under the Investment Company Act of 1940, as amended (the "1940 Act") under sections 3(c)(1), 3(c)(5), or 3(c)(7) of the 1940 Act. The securities of each Fund have not been registered under the Securities Act of 1933, as amended (the "Securities Act"). The Funds intend to invest in the multi-family real estate sector and businesses ancillary thereto (*See Item 8 "Methods of Analysis, Investment Strategies and Risk of Loss"*). The Adviser's current client is Carroll Multifamily Venture VII, LP.

The Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its respective offering documents. The descriptions set forth in this Brochure of specific advisory services that the Adviser offers to its clients, investment strategies pursued, and investments made by the Adviser on behalf of its clients, should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies pursued by the Adviser are speculative and entail substantial risks, and clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933 and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be "accredited investors" as defined in Regulation D, "qualified purchasers" as defined in the Investment Company Act, or non-"U.S. Persons" as defined in Regulation S.

As of December 31, 2021, the Adviser manages \$214,581,335 in regulatory assets under management on a non-discretionary basis and \$0 in regulatory assets under management on a discretionary basis, for a total of \$214,581,335 in regulatory assets under management.

Item 5 - Fees and Compensation

The fees applicable to each Fund are set forth in detail in offering documents applicable to each Fund. The Adviser does not currently intend to be directly compensated for advisory services provided by the Adviser to the Funds. However, the Adviser's affiliates, including without limitation the General Partners of the Funds, affiliated service providers, and other affiliates can receive various fees from the Funds.

The fees received by Adviser's affiliates for services provided to a Fund generally include, but may not be limited to:

- Administrative Allowances: fixed per annum fees payable on a monthly basis.
- Market-Rate Service Fees: negotiated fees for providing products and services to underlying investments of the Funds, its tenants, or the like (e.g., renters insurance).
- Market-Rate Property Management Fees: typically in the range of 3% to 4% of the gross cash receipts received by the Funds' private real estate investments.
- Market-Rate Construction Management Fees: typically a percentage of hard and soft costs of the private real estate investment.
- Market-Rate Marketing Fees.
- Market-Rate Information Technology Fees.
- Market-Rate Insurance Products.
- Market-Rate Acquisition and Disposition Fees, including in connection with the acquisition or disposition of real estate in syndication.
- Asset Management Fees: asset management fees for investment advisory services earned as a percentage of assets under management, net operating income, or other percentage fees related to investment or acquisition prices or on other types of fee bases, such as invested capital and investor commitments

In addition to the foregoing fees, the Adviser's affiliates shall receive, directly or indirectly, performance fees, generally referred to as "Investment Profits Interests" in the investments of a Fund, as described in each Fund's offering documents.

The Market-rate fees shown above can be negotiated in the due diligence process and maybe noted and agreed to in a Purchase/Sale Agreement, Property Management Agreement, or other similar agreements. The fees are recurring and are billed and collected monthly in arrears. Acquisition fees are one-time fees that are charged and collected at each acquisition closing. The Administrative Fee, as described above, is a fixed per annum fee that is billed and collected on a monthly basis in arrears.

Other Fees and Expenses

Investors in each Fund, by virtue of their investment therein, generally bear all expenses related to the organization of, and the offering and sale of interests in, such Fund (which may include, without limitation, legal fees, accounting fees, and various filing fees) as well as all expenses related to such Fund's investment activities and ongoing operations (which may include without limitation, diligence costs related to the identification of potential investments (whether or not such investments are consummated), legal (including diligence, drafting, and negotiation expenses), custody fees, ordinary and extraordinary liabilities, broken-deal expenses, accounting and tax preparation fees, reporting expenses, consulting fees, pursuit costs as described in each Fund's offering documents, out-of-pocket expenses relating to the development, acquisition, holding and disposition of portfolio investments, travel and other costs and expenses incurred in connection with the acquisition, management or disposition of investments, indemnification expenses, interest

on borrowed monies, commissions on the purchase or sale of investments, insurance costs, and litigation and other extraordinary expenses. Notwithstanding the foregoing, investors in each Fund generally do not bear the costs of compensation of the Adviser's personnel and certain other general overhead expenses of the Adviser. A more specific description of the types of fees and expenses borne by Funds managed by the Adviser may be found in the offering and governing documents of the applicable Fund.

Investors and prospective investors in any Fund should review the offering and governing documents for such Fund carefully before investing.

Compensation from the Sale of Securities or Other Investment Products

The Adviser, its affiliates, and its supervised persons do not accept compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

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

The Adviser's affiliates may accept performance-based compensation from their clients based on achievement of specified investment returns or capital appreciation of the assets of the client and as permitted by applicable law.

Item 7 - Types of Clients

The Adviser or its affiliates provides investment advice to, and manages the investment portfolios of, private investment funds, as described above.

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

Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that the Adviser offers to clients, and investment strategies pursued and investments made by us on behalf of the Adviser's clients, should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

The Adviser or its affiliates generally invests, directly or indirectly through investments, in the multi-family real estate sector, and businesses ancillary thereto. The Adviser's investment strategy focuses on: (i) real property; (ii) entities or joint ventures that own or operate any real property; (iii) limited partnerships, limited liability companies or comparable investments, or (iv) indebtedness secured by any real property, including, without limitation, investment grade and other first mortgage debt, second and more junior mortgage debt, participating mortgages, mezzanine debt, and convertible debt.

The Adviser seeks to capitalize on the industry networks and market knowledge developed by its management team, and generally targets investment opportunities in markets that the Adviser believes are those most likely to generate the best comparative returns within selected risk parameters. The Adviser generally targets markets that indicate strong job growth, strong household growth, strong population growth in the prime renter age groups, limited new development opportunities, and that are located within dynamic local economies. The Adviser aims to manage each Fund in accordance with such Fund's specific investment strategy and investment guidelines, as described in each Fund's offering document(s).

The Adviser or its affiliates implements its investment strategy usually using long-term purchases (securities held at least a year) though an occasion may arise in which it may use short-term purchases (securities sold within a year).

Certain Risks Associated with Methods of Analysis and Investment Strategies and Particular Types of Securities

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by us. These risk factors include only those risks the Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us. There can be more, or more detailed, risks discussed in each Fund's offering documents.

An investment in the Funds involves a high degree of risk. Investment in the Funds involves a significant degree of risk, including the risk of loss of an entire investment, and, therefore, should be undertaken only by investors capable of evaluating the risks of the Funds and bearing the risks they represent. There can be no assurance that the Funds will be able to achieve their investment objectives, that significant capital losses will not occur, or that Fund investors will receive a return on their capital; and investment results may vary substantially.

Reliance on the Adviser and the Management Team. The Funds are managed exclusively by the Adviser, its affiliates, and its designees, and investors will not have any right to participate in the management of the Funds' business and affairs or the business and affairs of any investment venture. In addition, the Adviser is relying extensively on the experience, relationships and expertise of its team of professionals, and, in particular, each member of the management team, and it may not be possible to replace certain key persons should one or more of them cease to be involved with Fund or the Adviser for any reason.

Risks Associated with Unspecified Transactions. Investors will be relying on the Adviser's ability to find and close suitable investment opportunities. Because such investments may occur over a substantial period of time, the Funds face the risk of changes in long-term interest rates and adverse changes in the real estate market. The success of the Funds and their ability to generate an acceptable rate of return will depend, in part, on their ability to identify and acquire attractive investments on favorable terms. There can be no assurance that the Funds will be successful in identifying suitable investments or in acquiring such investments on acceptable terms, if at all.

Possible Lack of Diversification. While geographic diversification is typically an objective of the Funds, there is no assurance as to the degree of diversification that will actually be achieved in any Fund's investments by geographic region. In addition, the Funds are typically focused on a single type of asset – multifamily communities. The capitalization of a Fund will have a direct effect on the diversification achieved by that Fund's investments. Reduced diversification correlates to increased risk for the Fund's investments. In addition, the Funds may make investments involving contemplated sales or refinancings that do not actually occur as expected, which could lead to increased risk as a result of the Funds' having an unintended long-term investment and reduced diversification. Some Funds may have concentration limits described in the offering documents to help protect against a lack of diversification.

Leverage. The Funds intend to use substantial leverage in connection with the investments and operations of the investment ventures. Details of the use of leverage are typically contained in each Fund's offering documents. Using leverage could magnify the volatility of the value of a Fund's investment portfolio. This leverage will increase the exposure of such investments and operations to adverse economic factors such as rising interest rates (which are expected after a long period of low interest rates arising in part from the policies of the Federal Reserve), severe economic downturns or deteriorations in the condition of the real estate investment or its market. In the event a real estate investment is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the Funds' equity investment in such real estate investment could be significantly reduced or even eliminated. Bridge financings, if necessary, as well as borrowings under credit facilities, will be secured, and such security may include, in whole or in part, investors of the Funds unfunded capital commitments. Additionally, the Funds may suffer losses if any "non-recourse carve-out guaranty" they sign is triggered or if assets are cross-collateralized.

The Funds are in part dependent on their ability to utilize a leveraged capital structure to obtain their targeted cash flows. No assurances can be given that the Funds will be able to obtain the anticipated debt facilities in the required amounts or obtain alternative financing. In the absence of such debt facilities, the returns to investors may be significantly less than targeted, or may be negative. The Funds may be required to maintain minimum average balances in connection with their borrowings or to pay commitment or other fees to maintain lines of credit; either of these requirements would increase the cost of borrowing over the stated interest rate. Under certain circumstances, the Funds' use of leverage may cause otherwise tax-exempt investors to recognize unrelated business taxable income (UBTI). More information on this is typically contained in each Fund's offering documents, as applicable.

The Funds may co-invest with third parties through Funds, joint ventures or other entities. The Funds may also co-invest with entities that are owned or managed by the Adviser, the Adviser's affiliates, or any of the Adviser's management team. Such investments may involve risks not present in investments where a third party, or in particular, an affiliate, is not involved, including the risk that a partner or a co-venturer of the Funds might at any time have economic or business interests or goals that are inconsistent with those of the Funds, may be in a position to take action contrary to the Funds' investment objectives (such as desiring to sell or to hold an asset when it may be in a Fund's best interest to do the contrary), or may fail to satisfy certain delegated

responsibilities such as financial statement and tax return preparation in a timely fashion. In addition, the Funds may be liable for actions of its partners or co-venturers.

Investment in Troubled Assets. The Funds may make investments in non-performing or other troubled assets which involve a significant degree of financial risk. For example, under certain circumstances, payments to the Funds and distributions by the Funds to the investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment, as may be determined pursuant to state and federal creditor's rights, insolvency and bankruptcy laws, including without limitation the United States Bankruptcy Code.

Risks of Real Estate Investments. Investments in real estate are subject to various risks, including but not limited to (i) adverse changes in national or international economic conditions, (ii) adverse local market conditions, (iii) the financial condition of tenants, buyers and sellers of properties, (iv) changes in laws, including environmental laws and regulations, zoning laws and other governmental laws, rules and regulations, (v) environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established, (vi) uninsurable losses, (vii) inability to obtain reasonable insurance coverage at a reasonable price or at any price, (viii) the refusal or inability to pay an insured claim by an insurance company, (ix) capitalization of interest on leverage; (x) increases in interest rates; (xi) liquidity constraints; (xii) inability to obtain necessary entitlements; (xiii) changes in adjacent land utilization; (xiv) changes to real estate tax rates; (xv) declines in multifamily occupancy rates and rental rates; (xvi) lack of available funding; (xvii) declines in market values for multifamily properties, (xviii) acts of terrorism, (xix) acts of God and (xx) other factors beyond the control of the Fund or the Adviser.

Mortgage Investments. To the extent the Funds make certain mortgage investments, the Funds generally expect to originate, participate in and/or acquire real estate loans that are non-recourse to the borrower. Mortgage investments have special inherent risks relative to collateral value. The value of any mortgage loans held by the Funds will be influenced by the historical rate of delinquencies, defaults experienced on the mortgage loans and by the severity of loss incurred as a result of such defaults. The factors affecting delinquencies, defaults and loss severity include (i) economic and real estate market conditions in the Funds' target asset class, (ii) the terms and structure of the mortgage loans, and (iii) any specific limits to legal and financial recourse upon a default under the terms of the mortgage loan. Most commercial mortgage loans provide recourse only to specific assets, such as the property, and not against the borrower's other assets or personal guarantees. Commercial mortgage loans also generally do not fully amortize, which can necessitate a sale of the property or refinancing of the remaining debt amount at or prior to maturity of the mortgage loan. Accordingly, investors in commercial mortgage loans bear the risk that the borrower will be unable to refinance or otherwise repay the mortgage at maturity, thereby increasing the likelihood of a default on the borrower's obligations.

Environmental Matters. Real property is subject to United States federal and state environmental laws, regulations and administrative rulings which, among other things, establish standards for the treatment, storage and disposal of solid and hazardous waste. Real property owners are subject to United States federal and state environmental laws which impose joint and several liability on past

and present owners and users of real property for hazardous substance remediation and removal costs. Therefore, there may be exposure to substantial risk of loss from environmental claims arising in respect of any property with undisclosed or unknown environmental problems or as to which inadequate reserves have been established. These 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. In addition, the Funds' liability as to any property is generally not limited under such laws and regulations and could exceed the value of the property and/or the aggregate assets of the Funds. The presence of such substances, or the failure to remediate such substances properly, may also adversely affect the Funds' ability to sell or lease the property or to borrow using the property as collateral. The Funds also may be liable for environmental contamination of properties that are sold or for the release of hazardous or toxic substances from such properties. Some laws and regulations impose liability for the release of certain materials into the air or water from a property, including asbestos, and such release can form the basis for liability to third persons for personal injury or other damages. Other laws and regulations can limit the development of and impose liability for the disturbance of wetlands or the habitats of threatened or endangered species.

It is possible that future environmental laws, ordinances or regulations or new interpretations of existing environmental laws, ordinances or regulations will impose material environmental liabilities on the Funds. The environmental conditions of Funds' properties could be affected adversely by hazardous substances associated with other nearby properties or the actions of third parties unrelated to the Funds. Apartment community residents and/or commercial tenants may engage in activities prohibited by their leases or otherwise expose the Funds to liability under applicable environmental laws, ordinances or regulations. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. The costs of defending any future environmental claims, performing any future environmental remediation, management or removal, satisfying any such environmental liabilities or responding to any changed environmental conditions could materially adversely affect the Funds' financial condition, results of operations, cash flow and the ability to make distributions to investors.

The Funds may engage environmental experts to conduct such on-site studies and studies of the history and current usage of properties as it deems appropriate, and the Funds plan to take into account the cost of remediating or managing any identified contamination or other environmental concern in determining whether to make an investment. However, environmental studies cannot guarantee that the Funds will be aware of all contamination at the properties it acquires and the costs of removal, management or remediation, either because such conditions were latent or because of changes in laws and regulations.

Harmful Mold and Other Air Quality Issues. When excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of

the Funds' properties could require the Funds to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property, increase indoor ventilation, necessitate the temporary relocation of some or all of the property's tenants, or require extensive rehabilitation of the affected property. In addition, the presence of significant mold or other airborne contaminants could expose the Funds to liability from their tenants and others if property damage or health concerns arise. No assurances can be made that the Funds will have full coverage under their existing policies for property damage or liabilities to third parties arising as a result of exposure to mold or a claim of exposure to mold at a particular property.

Americans with Disabilities Act and Similar Laws. Under the Americans with Disabilities Act of 1990 (the "ADA"), all public accommodations must meet federal requirements related to access and use by disabled persons. If one or more of the properties acquired by the Funds does not comply with the ADA, then the Funds may be required to incur costs to bring the property into compliance, which may or may not have been foreseen at the time of development or acquisition. A number of additional U.S. federal, state and local laws exist that impact the Funds' properties with respect to access thereto by disabled persons. For example, the Fair Housing Amendments Act of 1988 (the "FHAA") requires that apartment communities first occupied after March 31, 1991 be accessible to the handicapped. Noncompliance with the FHAA could result in the imposition of fines, an award of damages to private litigants, payment of attorneys' fees and other costs to plaintiffs, substantial litigation costs and substantial costs of remediation. Future changes to federal, state and local laws also may require modifications to the Funds' properties or restrict the Funds' ability to renovate their properties. The Funds cannot predict the ultimate cost of compliance with the ADA, FHAA or other legislation. If the Funds incur substantial costs to comply with the ADA, FHAA and any other similar legislation, the Funds' financial condition, results of operations, cash flow and the ability to make distributions to investors could be materially adversely affected.

Insurance May Not Cover All Losses. Uninsured and underinsured losses could harm the Funds' financial condition, results of operations, cash flow and ability to make distributions to investors. Various types of catastrophic losses, such as losses due to wars, riots, nuclear reaction, terrorist acts, earthquakes, floods, hurricanes, pollution or environmental matters, generally are either uninsurable or not economically insurable, or may be subject to insurance coverage limitations, such as large deductibles or co-payments. In the event of a catastrophic loss, the Funds' insurance coverage may not be sufficient to cover the full current market value or replacement cost of their lost investments. Should an uninsured loss or a loss in excess of insured limits occur, the Funds could lose all or a portion of the capital they have invested in an investment, as well as the anticipated future revenue from the investment. In that event, the Funds might nevertheless remain obligated for any notes payable or other financial obligations related to the investment. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the Funds' properties pledged as collateral for loans and other factors might also keep the Funds from using insurance proceeds to replace or renovate an investment after it has been damaged or destroyed. Under those or other adverse circumstances, the insurance proceeds the Funds receive might be inadequate to restore the Funds' economic position on the damaged or destroyed investment.

Possibility of Future Terrorist Activity. Terrorist attacks can disrupt financial and insurance markets and negatively impact economies in general, increasing many of the risks noted in this Disclosure Brochure and in our Funds' offering documents. Properties that the Funds acquire, or the areas in which they are located, could be subject to future acts of terrorism. In addition to the potential direct impact of any such future act, future terrorist attacks and the anticipation of any such attacks could have an adverse impact on financial and insurance markets and economies, thus harming leasing demand for and the value of the Funds' properties. It is not possible to predict the severity of the effect that such future events would have on financial and insurance markets and economies or the Funds' properties. These events may have a negative effect on the business and performance results of one or more of the Funds' properties, including by raising insurance premiums and deductibles and limiting available insurance coverage for the Funds' properties.

Tax Treatment. The Adviser is unable to make an exhaustive study or projection of the anticipated tax effects of investments in the Funds due to uncertainty as to the timing and amount of certain payments, the investments to be made by the Funds, and other economic activity by the Funds. Depending upon the exact manner in which a particular asset is operated and managed, income could be realized in years before the associated costs are deductible. In such event, it is possible that investors could realize taxable income in such years without receiving a distribution of cash from the Funds to cover the investors' resulting tax liability. As a result, an investor should carefully consider this potential tax detriment. The Funds will not obtain a ruling from the Service as to any tax issue, and the treatment of certain items by the Funds could be challenged by the Service. Each investor, or potential investor should consult with their own tax advisor.

Investments in the Funds should not be viewed as, or evaluated as, a "tax shelter" or "tax advantaged" investment. A decision to invest or not invest in the Funds should be made solely on the basis of the anticipated economic risks weighed against the anticipated economic benefits. Investors and potential investors should consult their tax advisors with specific reference to their own federal and state tax situations prior to purchasing interest in the Funds.

Unrelated Business Taxable Income. Although, where appropriate and financially reasonable, the Adviser may, but is not obligated to, use reasonable efforts to minimize the amount of income that may be treated as UBTI with respect to tax-exempt investors, it is likely that a portion of the Funds' income will be treated as UBTI with respect to such investors and would be subject to unrelated business income tax (UBIT) in the year earned. Investors should carefully review each Fund's offering documents for more information on this topic, as applicable.

Limited Transferability and Liquidity of Interests. Interests in the Funds must be acquired for investment purposes only and not with a view to resale or distribution thereof. There is no present market for the Interests, and the development of any market similar to that enjoyed by most corporate securities is highly unlikely. A transfer of any Interests requires the written consent of the General Partner, which consent may be given or withheld in its sole and absolute discretion, and any such transfer must comply with all applicable federal and state securities laws. Any transferee or assignee must satisfy the suitability and accredited investor standards for original investors. An investment in the Funds' Interests will therefore be highly illiquid, and an investor may be unable to liquidate all or part of his, her, or its investment in the Funds. Investors should carefully review each Fund's offering documents for more information on this topic, as applicable.

Fund Activities. An investor (other than the Advisor, or its affiliates) is generally not permitted to take any part in the management or control of the business of the Funds. Assuming that the Funds are operated in accordance with the terms of the Funds' offering documents and agreements, an investor (other than the Advisor, or its affiliates) will not be liable for the liabilities of the Funds in excess of the investor's capital commitment and share of undistributed profits. Notwithstanding the foregoing, an investor may be liable for the return to the Funds of certain distributions made to such investor if required by law (for example, if such distributions resulted in the insolvency of a Fund, then applicable law may require the return of such distributions to the Fund which would then be used to satisfy creditor obligations) or if required pursuant to the enforcement of creditors' rights (for example, if such distributions were made in violation of a security agreement evidencing a mortgage loan to a Fund, then a creditor might bring an action against the Fund and/or the investors to recoup such distributions). Each investor may be required, as determined by the General Partner in its sole and absolute discretion, to return, any distributions (pro rata and in the reverse order of priority) made to the investor (including any distributions made to the Adviser, General Partner, or any of their affiliates, in their capacity as such) for the purpose of meeting such investor's share of the Funds' indemnity obligations.

Compensation. It is anticipated that the Adviser's affiliates will receive substantial compensation from the investment ventures for services provided to the investment ventures; such fees are expected to include administrative fees, property management fees, acquisition fees disposition fees, and other fees as disclosed in Item 5 herein, as well as Venture Profits Interests. A significant amount of such compensation will be realized regardless of the success or profitability of the operations of any given investment venture. The foregoing are by way of example and not limitation, and the Adviser and/or General Partner will negotiate in the Funds' best and sole interest with respect to such fees and profits interests. Investors in the Funds shall have no right to participate in such fees and Venture Profits Interests, unless negotiated otherwise and disclosed as such in the offering documents.

Limitation of Recourse and Indemnification of Adviser. The Funds' offering documents and/or agreements may limit the circumstances under which the Adviser, its affiliates and their respective members, officers, directors, employees, partners and agents may be held liable to the Funds. As a result, investors may have a more limited right of action in certain cases than they would have in the absence of such provisions. Such indemnification obligations and related costs and expenses could materially impact the returns to investors. However, the Adviser is a Fiduciary, and cannot indemnify itself from actions or activity that is in contrast with its duty of loyalty and care to the Funds under the Investment Advisers Act of 1940.

Lack of Separate Counsel. The Funds, General Partners, the Adviser, and the Adviser's management team, and their respective affiliates, are not represented by separate counsel. The attorneys, accountants and other professionals who perform services for the Funds also perform or may perform similar services for the Adviser, General Partner, the Adviser's management team, and their affiliates. See the Conflicts Section below entitled "**Conflicts of Interest –Lack of Separate Representation.**"

Non-Arm's Length Negotiations. The contractual arrangements pursuant to which the Adviser has agreed to serve as Adviser of the Funds has not been the result of arm's length negotiations, and the Adviser's management team may materially and directly or indirectly benefit from these relationships or arrangements as employees or equity holders of the Adviser, or its affiliated entities, including the General Partner, and investment ventures. See the Conflicts Section below entitled "**Conflicts of Interest –Lack of Separate Representation.**"

Co-Investment Activities. The Funds will invest all or a portion of Subscribed Capital in one or more investment ventures in which control over significant decisions affecting an investment may be shared with a joint venture investor. In connection with such co-investment activities, the Funds may offer securities for sale to investors in investment ventures sponsored by the Funds. The Adviser intends to structure all such offerings of securities as private placements that will allow the securities to be exempt from registration under the Securities Act and Regulation D promulgated thereunder and under similar exemptions provided under state and federal laws and regulations. Notwithstanding the exemptions from registration, the offering of investment securities will involve risk to the Funds as the offeror in the event that the Funds do not meet all of the requirements for such exemptions, even if the Funds have made a good faith effort to comply with Regulation D.

Limited Operating History. The Funds and the Adviser are recently formed entities that have limited operating histories upon which investors and prospective investors can evaluate the performance of the Funds. While the Adviser's affiliates and the Adviser's management team have extensive experience acquiring and managing real estate investments, the Funds themselves are typically newly formed or have a limited operating history. The investments that will form the Funds' portfolio have not been identified, and therefore, the Funds' prospects for success and future financial results are difficult to assess.

Certain Federal Securities Law Considerations. The Funds are not registered and do not intend to be registered as an investment company under the 1940 Act, pursuant to an exception provided by the 1940 Act. Therefore, the Funds will not be subject to the requirements imposed by the 1940 Act on registered investment companies, which include restrictions on transactions between an investment company and its advisers or other affiliates, and on borrowing and the use of leverage. In addition, the shareholders of a registered investment company have private rights of action under the 1940 Act against the company's advisor or other affiliates for (a) breaches of fiduciary conduct involving personal misconduct and (b) breaches of fiduciary duty involving the receipt of compensation or other material payments from the company. These remedies under the 1940 Act may not be available to investors in the Funds.

Rights of Some Investor; Side Letters. The Adviser may, in its sole discretion, enter into agreements on behalf of the Funds that modify or supplement one or more investor's rights and obligations with respect to their investment in the Funds (each such agreement, a "**Side Letter**"). There is no "most favored nation" clause applicable to all the investors generally, and no investor shall be entitled (unless the General Partner agrees in its sole and absolute discretion) to any rights or obligations agreed to by the General Partner with another investor in such other investor's Side Letter. Side Letter provisions may cause the interests of some investors to fall out of alignment

with the interests of other investors and may result in increased costs and ongoing legal and administrative expenses.

Past Performance not Indicative of Future Success. The previous results of the Adviser or its affiliates in the management of one or more Funds are not necessarily indicative of the future results obtainable by the Adviser. Actual results could differ materially from those previously realized by the Adviser or its affiliates and neither the Funds nor the Adviser, or its affiliates, make any representations or warranties with regard to any actual results. Prospective investors should not place undue reliance on the past performance or track record information of the Adviser and its affiliates.

Conflicts with Affiliates. Affiliates of the Adviser, including but not limited to affiliated General Partners and Funds, and other affiliated entities under “The Carroll Organization”, are, or may be, engaged in a variety of activities within areas in which the Funds may invest. These affiliates may engage in activities in the ordinary course of their respective businesses which may conflict with the interests of the Funds. In addition, members of the Adviser’s management team may be required to manage the activities of these affiliates, which may include significant involvement with those affiliates’ existing projects. In addition, members of the Adviser’s management team, on behalf of the Funds and in other capacities with affiliates, will have discretion in determining which investments will be made by affiliates and which may be offered or sold to the Funds. Accordingly, members of the Adviser’s management team may be influenced to refrain from certain investments even though participation might benefit the Funds. To help mitigate these risks, the Funds managed by the Adviser typically contain exclusivity clauses within the Funds offering documents.

No Refund of Investment. Once Subscriptions are accepted by the Funds (and assuming the Minimum Subscribed Capital is achieved), the investors’ funds will generally not be refunded by the Funds. Should all of the investors’ funds be expended and economic or other circumstances prevent the Funds from making distributions to investors, no funds will be returned to investors.

Competition for Acquisitions. The Funds’ success depends on the Adviser’s, and the Adviser’s management team’s ability to identify suitable investment opportunities. The process of identifying and purchasing real estate investments is highly competitive and involves a high degree of uncertainty. The Funds will be competing for investment opportunities with many other real estate investment investors, including individuals, other real estate funds, financial institutions (such as mortgage banks, pension funds, and real estate investment trusts), and other institutional investors, many of which may have a different tolerance for risk or have substantially greater financial resources and greater access to debt and equity capital than are available to the Funds. This competition increases as investments in multifamily properties become increasingly attractive relative to other forms of investment. As a result of such competition, the Funds may be unable to acquire certain properties that the Adviser and Adviser’s management team deem attractive, or the purchase price may be significantly elevated or other terms may be substantially more onerous. As a result, this could negatively impact the rate of return realized by investors.

Capital Expenditures after Normal Wear and Tear. The Funds intend to invest in multifamily properties that will require maintenance and repair from time to time to structural components of

the improvements located on such properties, including, without limitation, roofs, parking lots, and HVAC systems. Costs and expenses of such repairs or costs for capital expenditures over and above budgeted expenses could adversely affect Fund performance, and the ability to make cash distributions may be adversely affected.

Insufficient Cash Flow. Certain significant expenditures associated with an investment in real estate (such as mortgage payments, real estate taxes and maintenance costs) generally do not decline when circumstances cause a reduction in income from the property. In the event that the Funds do not have sufficient cash available through their operations to continue operating business as usual, the Funds may need to find alternative ways to increase its liquidity. Such alternatives may include, without limitation: divesting of properties, whether or not they otherwise meet the Funds' strategic objectives to keep in the long-term, at less-than-optimal terms; incurring debt; entering into leases with tenants at lower rental rates or less than optimal terms; or entering into lease renewals with existing tenants without an increase in rental rates. There can be no assurance, however, that such alternative ways to increase a Fund's liquidity will be available to the Funds. Where the Funds' intentions are to invest the proceeds of an Offering in joint venture arrangements, the Funds may not have the authority to utilize such alternate ways to increase its liquidity notwithstanding the need to do so. Additionally, taking such measures to increase the Funds' liquidity may adversely affect their business, results of operations and financial condition.

Minority Position of the Fund. With some investment ventures, the Funds may be a minority investor in relation to committed equity. In these instances, the Funds are not expected to have significant consent or approval rights with respect to management decisions relating to such investment ventures. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that: (i) the Funds and a co-venturer or partner may reach an impasse on a major decision that requires the approval of both parties; (ii) a co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of a Fund; (iii) a co-venturer or partner may encounter liquidity or insolvency issues or may become bankrupt; (iv) a co-venturer or partner may be in a position to take action contrary to a Fund's investment objective; (v) a 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, a Fund may be liable for actions of its co-venturers or partners, each of which may subject the Fund's investments to liabilities in excess of or other than those contemplated by the Adviser, or its affiliates. In addition, the Funds may rely upon the abilities and management expertise of a co-venturer or partner.

In connection with entering into joint venture agreements, the Funds expect to be subject to various restrictions with respect to the sale of its interests. Joint venture agreements typically include provisions setting forth rules and restrictions regarding buy-sell procedures, forced sale procedures and other liquidity transactions. It may also be more difficult for the Funds to sell their interest in any joint venture, Funds, or entity with other owners than to sell their interest in other types of investments as a result of these restrictions. Moreover, the Funds may not have the liquidity to execute on a sale in connection with the exercise by a joint venture partner of its buy-sell right and, as a result, a Fund may be forced to sell to the joint venture partner on disadvantageous terms.

In addition, the Funds may grant co-venturers or partners joint approval rights with respect to major decisions concerning the management, financing and disposition of investments, which would increase the risk of deadlocks. A deadlock could delay the execution of the business plan for an applicable investment or require the Funds to engage in a buy-sell of the venture with a co-venturer or partner or conduct the forced sale of the applicable investment. As a result of these risks, the Funds may be unable to fully realize its expected return on any such investment.

Contingent Liabilities Relating to Dispositions of Properties. In connection with any disposition of an investment, the Funds may be required to make representations about the investment. The Funds also may be required to indemnify the purchaser of the investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the Adviser or its affiliates may establish reserves or escrow accounts.

Phantom Income. The Funds may derive (i) taxable income or loss from operations of the properties in which the Funds invest (either directly or indirectly through investment ventures) or (ii) taxable gain or loss from the sale or other disposition of the Funds' or an investment venture's investments. Such income, gain and loss will be allocated to the investors in accordance with their varying interests in the Funds. Each investor will be taxed on such investor's allocable share of income, regardless of the amount of cash distributed to such investor. Accordingly, an investor may incur a tax liability with respect to such investor's share of a Fund's income, but because a Fund either did not distribute a corresponding distribution of cash (because, for example, the investment venture or a Fund retained cash to pay debt service, expenses or fund reserves), such investor may not receive sufficient cash to pay the tax liability attributable such investor's share of a Fund's income.

Government Support for Multifamily Housing. Fannie Mae and Freddie Mac are a major source of financing for multifamily real estate in the United States. In September 2008, the U.S. government assumed control of Fannie Mae and Freddie Mac and placed both companies into a government conservatorship under the Federal Housing Finance Agency. In December 2009, the U.S. Treasury increased its financial support for these conservatorships. In February 2011, the Obama administration released its blueprint for winding down Fannie Mae and Freddie Mac and for reforming the system of housing finance. Since that time, members of Congress have introduced, and Congressional committees have considered, a substantial number of bills that include comprehensive or incremental approaches to winding down Fannie Mae and Freddie Mac or changing their purposes, businesses or operations. A decision by the U.S. government to eliminate or downscale Fannie Mae or Freddie Mac or to reduce government support for multifamily housing more generally may adversely affect interest rates, capital availability, development of multifamily communities and the value of multifamily residential real estate and, as a result, may adversely affect the Funds' financial condition, results of operations, cash flow and ability to make distributions to Limited Partners.

The Fund may not Achieve Targeted Rate of Return. The Funds will make investments based on the Adviser's and the Adviser's management team's projections of internal rates of returns and current returns, which in turn are based on, among other considerations, assumptions regarding the performance of the Funds' assets, the amount of available financing and the manner and timing of

investment dispositions, all of which are subject to significant uncertainty. In addition, events or conditions that have not been anticipated may occur and may have a significant effect on the actual rate of return received on the Funds' investments.

In setting the Funds' performance targets described in their offering documents, as well as in determining that there is a sound basis for evaluating the facts used and assumptions made to establish such performance target, the Adviser considers a variety of factors and assumptions, including those generally outlined within a Fund's offering documents, as applicable. Changes in these factors and/or assumptions or in other factors not considered could result in net yields to investors lower than the target range or even result in losses of capital. There can be no assurance that any level of performance will be achieved.

The matters, factors, and assumptions listed in a Fund's offering documents are those that the Adviser considers in establishing the targeted returns for a Fund, and do not purport to be a complete list or explanation of such matters, factors and assumptions. The Adviser believes the matters, factors and assumption shown in a Fund's offering document to be material and significant in the Adviser's process of establishing targeted returns, and this is subject to change, at any time, without notice.

Pursuit Cost Risk. The Funds may advance funds to the Adviser and/or its affiliates to pay for Pursuit Costs for Pursued Properties. If a Pursued Property is abandoned by the Adviser, then the Fund will most likely not be reimbursed for such advances, and therefore, the pursuit cost risk for properties pursued on behalf of the Funds are the risk of the Funds. If one or more Pursued Properties are abandoned by the Adviser and the Pursuit Costs expended are significant, then the returns on the investors' investments in the Funds could be materially impacted in a negative manner, and the targeted returns on investment for a Fund may not be achieved.

Certain Funds may cap Pursuit Costs as noted in the Fund offering documents.

Capital Contributions. The Adviser's affiliated General Partners may face conflicts of interest in connection with the timing of capital calls from investors and in connection with funding its own capital commitment. Investors admitted at subsequent closings will participate in then-existing investments of the Funds, thereby diluting the interest of existing investors in such investments. Although it is anticipated that the Adviser's affiliated General Partners may make disproportionate capital calls from investors whose commitment percentages exceed their ownership percentages in order to equalize commitment percentages and ownership percentages, and that investors admitted at subsequent closings may be required to contribute an additional amount on their commitments funded at these subsequent closings, there can be no assurance that these amounts will reflect the fair value of a Fund's existing investments at the time of such contributions. Accordingly, existing investors may have their ownership percentages reduced on a basis that does not take into account the then-current fair market value of the interests in such Fund. In addition, investors affiliated with the Adviser or the General Partner of a Fund may delay their obligations to fund capital contributions associated with their capital commitment in their discretion, including by funding their capital contribution obligations at times later than the unaffiliated investors. This delay in funding capital contributions may result in dilution to existing investors, as the fair market value of a Fund's existing investments at the time of such contributions may not be taken into

account at the time of such funding, which fair market value may have appreciated substantially. In addition, investors affiliated with the Adviser or the General Partner of a Fund may face conflicts of interest in making capital calls to the extent the value of a Fund's portfolio depreciates over time. Finally, as investors affiliated with the Adviser or the General Partner of a Fund anticipate funding their capital commitments through the roll-over of fees payable in connection with the closing of certain investments made by a Fund, the Adviser or its affiliates may face conflicts in determining appropriate investments for the Funds.

CONFLICTS OF INTEREST

Certain potential conflicts of interest may exist or arise between the Funds, the Adviser (and its affiliates, including the Adviser's affiliated General Partners) and investors. Because these Funds are organized and operated by an affiliated General Partner of the Adviser, these conflicts will not be resolved through arm's-length negotiations but through the exercise of the Adviser's judgment consistent with its fiduciary responsibilities to the investors in the context of the Funds' investment objectives and policies. The following discussion enumerates certain material potential conflicts of interest that may exist or arise.

Provision of Services. The Adviser, or General Partners of the Funds affiliated with the Adviser, may retain one or more of their affiliates to perform services for the Funds for which it would otherwise hire unaffiliated third parties (including, but not limited to, property management, marketing services, technology services, and insurance services). All amounts payable for any such services will be Fund expenses.

Conflicts Among Investors. The investors, and any joint venture investors, may include taxable and tax-exempt entities and may include persons or entities organized under the laws of various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by the Adviser and/or its affiliates that may be more beneficial for one type of investor than for another type of investor, including investors affiliated with the Adviser. In selecting investments appropriate for a Fund, the Adviser will consider the investment objectives of that Fund as a whole.

Allocation of Investment Opportunities. Subject to the limitations contained with a Fund's offering documents, the Adviser and/or the Adviser's management team (or any affiliate of the foregoing) may sponsor other investment funds and may engage in real estate or other investment activities for their own accounts or on behalf of other investors (including, without limitation, other Funds managed by the Adviser or its affiliates). In addition, the Funds will be permitted to co-invest with affiliates of the Adviser and/or any of the Adviser's management team. In the case of such co-investments, capital invested by the Funds will typically have at least the same priorities and preferences as capital invested by the Adviser or its affiliates. Conflicts of interest may arise between the Adviser, the Funds, and such affiliates in connection with such co-investments. Investors should carefully review each Fund's offering documents for more information on this topic, as applicable.

Outside Permitted Investments. The Adviser, members of the Adviser's management team and their affiliates (i) currently, or may in the future, have interests in various investments, including

investments in multifamily properties located within a Fund's primary target market and investments through other Funds managed by the Adviser or its affiliates, and (ii) expect to obtain interests in various investments in the future, including investments in multifamily properties located within a Fund's primary target markets, including through other Funds managed by the Adviser or its affiliates, subject to any applicable exclusivity covenant found with a Fund's offering document. Some Outside Permitted Investments could result in conflicts with the activities of the Funds to the extent Outside Permitted Investments are located in the general market area of any of the properties in which the Funds invests and are similar in nature to the investments made by the Funds. The Adviser, the Adviser's management team, and their affiliates believe they can mitigate this conflict of interest by incorporating exclusivity clauses in the Fund offering documents. Investors should carefully review each Fund's offering documents for more information on this topic, as applicable.

Management Time. The Adviser and each of the Adviser's management team members shall devote such time, effort and skill to the affairs of the Funds and their management as it may deem to be reasonably required for their welfare and success. However, neither the Adviser nor any member of the Adviser's management team (or their affiliates) shall be required to manage any one Fund as their sole and exclusive business and each may have other business interests and may engage in other activities in addition to those relating to the Funds. Conflicts of interest may arise in allocating management time among the Funds and other activities of the Adviser, its affiliates, and members of the Adviser's management team.

Affiliate Compensation. The Adviser, and its affiliates in their capacities as the General Partners or managing members of the Funds, are subject to conflicts of interest in establishing the fees and other compensation to be received from the Funds. In addition, there are conflicts of interest with regard to any decision to (i) replace an affiliate of the Adviser as the property manager or other service provider to a Fund with another unrelated party, or (ii) sell a property owned by a Fund since a sale would likely cause the Adviser's affiliates to lose certain compensation.

Carried Interest. The existence of the Adviser's affiliate's right to receive carried interest may create an incentive for the Adviser to cause the Funds to make investments that are more speculative than it would otherwise have made in the absence of such performance-based compensation. Compensation of members of the Adviser's management team can be tied directly to the amount of fees paid to the Adviser and its affiliates.

Other Funds and Clients. The Adviser and its affiliates provide real estate investment advice and perform related services for other funds and clients similar to the advice to be provided, and services to be performed by the Adviser and its affiliate for any given Fund. Such Funds and clients may have investment objectives and policies comparable to those of a new or existing Fund and may be in competition with another new or existing Fund. Subject to applicable exclusivity limitations described within a Fund's offering documents, other Funds may be formed in the future with objectives which are the same as or similar to a current or new Fund's objectives or that otherwise may seek to invest in properties that also would be acceptable for a current or new Fund. Properties held by other Funds and clients managed by or affiliated with the Adviser may compete with other new or existing Funds for tenants. In leasing a Fund's properties that compete with the properties held by such other Funds and clients, the Adviser could face certain conflicts of interest

between the interests of a new or existing Fund and the interests of other such new or existing Funds and clients.

Other Potential Conflicts. The Adviser and its affiliates have long-term relationships with a significant number of property managers, brokers, lenders, investment bankers, landlords, developers, general contractors, institutions and corporations and their advisors. In determining whether the Funds should invest in any particular transaction and which service providers to use, if any, the Adviser and its affiliates may consider these relationships. There may be certain transactions that will not be undertaken on behalf of the Funds in view of such relationships.

Lack of Separate Representation. The Funds and the Adviser, and its affiliates, are typically represented by the same legal counsel. This legal counsel is not generally engaged to protect the interests of current investors or prospective investors. Current investors and prospective investors should consult with and rely upon their own counsel concerning investments in the Funds, including the tax consequences to them and issues under ERISA and the Code relating to any investment in the Funds by an ERISA-covered employee benefit plan.

Item 9 - Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of the Adviser's advisory business or the integrity of its management.

Item 10 - Other Financial Industry Activities and Affiliations

The Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

The Adviser and its management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

The Adviser or an affiliate of the Adviser manages each Fund. Affiliates of the Adviser currently manage pooled investment vehicles. The Adviser or an affiliate of the Adviser may manage additional pooled investment vehicles that may be organized by the Adviser or an affiliate of Adviser in the future and in which existing and prospective clients of the Adviser or its affiliates may be solicited to invest. The management of these pooled investment vehicles may result in conflicts of interest when the Adviser and its related persons allocate their time and investment opportunities among the Funds and other clients. Additionally, affiliates of the Adviser may directly or indirectly receive compensation in connection with financial transactions structured by the Adviser or its affiliates. Such compensation, as discussed in **Item 5**, may include, for example, property fees, construction management fees, marketing fees, information technology fees, insurance fees or commissions, and acquisition fees. Such additional fees can create a conflict of interest

The Adviser does not recommend or select other investment advisers for its clients.

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

The Adviser has adopted a Code of Ethics designed to ensure, among other things, that the personal securities transactions of the Adviser's Access Persons do not conflict with transactions effected on behalf of the Funds or any future investment vehicles managed by the Adviser or affiliates ("Client Accounts"). The Code of Ethics is based on the core principle that the Adviser and its employees owe a fiduciary duty to clients. Thus, employees of the Adviser must (i) place the interest of Client Accounts first, (ii) avoid taking inappropriate advantage of their positions with the Adviser, and (iii) conduct any personal securities transactions in full compliance with the Code of Ethics. Adviser's employees are restricted from purchasing publicly traded securities in which the Adviser, its employees, or its affiliates may be in possession of Material Non-Public Information. A copy of the Adviser's Code of Ethics is available upon request from the Adviser's Chief Compliance Officer at the following address: Carroll Investments, LLC, 3340 Peachtree Road NE, Suite 2250, Atlanta, GA 30326 or by phone at (404) 812-8270.

The Adviser does not recommend securities to clients in which the Adviser or a related person has a material financial interest.

The Code of Ethics places restrictions on personal trades by employees who have access to non-public information regarding investors' or clients' securities transactions, or who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public (collectively "Access Persons"), including that they disclose their personal securities holdings and transactions to the Adviser on a periodic basis, and requires that Access Persons pre-clear certain types of personal securities transactions.

The Adviser, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients. Potential conflicts also may arise due to the fact that the Adviser and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

The Adviser has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code of Ethics, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as client trades.

The Adviser manages investments on behalf of a number of clients. Although certain clients have investments that are similar to or overlap, due to the nature of the investments made by the Adviser, such as sector or geographic focus, the Adviser anticipates that such clients will never have a conflict with respect to participation in investments.

Item 12 - Brokerage Practices

The purchase and sale of hard real estate assets are effected without the participation of financial brokers or dealers.

The Adviser does not currently, nor does the Adviser anticipate that it will in the future, acquire any products or services with client brokerage commissions.

The Adviser does not currently, nor does it anticipate that it will in the future, direct client transactions to a broker-dealer.

The Adviser does not currently participate in any relationships involving brokerage for client referrals.

The Adviser does not currently participate in any directed brokerage programs.

Item 13 - Review of Accounts

The performance of the investments within the Funds is reviewed regularly and analyzed on an ongoing basis by the Adviser's investment professionals. The investment team maintains a regular dialogue with the property management teams. The Adviser's review generally consists of comparing the Funds' investments' performance in comparison to local market statistics. Valuations are reviewed and updated on a quarterly basis for properties held greater than 1 year. Properties held less than 1 year are typically valued at cost, subject to certain exceptions.

The Adviser generally furnishes investors in the Funds with quarterly update reports and unaudited quarterly financials on each Fund's operations within 60 days of the end of each of the first three fiscal quarters, audited annual financial statements within 120 days of the end of each fiscal year and annual tax information for the completion of income tax returns.

Item 14 - Client Referrals and Other Compensation

The Adviser does not receive economic benefits from non-clients for providing investment advice and other advisory services.

Neither the Adviser nor any of its related persons directly or indirectly compensates any person who is not a supervised person, excluding placement agents, for client referrals. The Adviser has entered into a relationship with a placement agent business, whereby the placement agent business is compensated for a fee for successfully introducing potential investors to the Funds. Any fees payable to the placement agent business will be paid by the Adviser or affiliates and will not be borne by investors.

Item 15 - Custody

The Adviser is deemed to have custody of a Fund's assets because the Adviser, or its affiliates, have the authority to obtain client funds or securities, for example, by deducting fees from a client's account or otherwise withdrawing funds from a client's account. To satisfy the SEC's custody

rule requirements, each Fund will provide each investor with audited financial statements within 120 days of the end of each year. Investors should carefully review such statements and compare such statements with any statements received from the Adviser or its affiliates.

Item 16 - Investment Discretion

The Adviser generally seeks to have discretionary authority to manage securities accounts on behalf of its clients. The Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in such Fund's offering documents. The investors in the Funds generally may not place any limits on the Adviser's authority beyond the limitations set forth in the offering and governing documents of the Funds. The Adviser, or an affiliate of the Adviser, has entered into an investment management agreement, or similar agreement, with each Fund, pursuant to which the Adviser, or an affiliate of the Adviser, was granted discretionary or non-discretionary authority to manage the investments of such Fund.

In certain negotiated cases, the Adviser may have non-discretionary authority granted to manage securities accounts on behalf of its clients. The Adviser's investment decisions and advice with respect to each Fund are likewise subject to each Fund's investment objectives and guidelines, as set forth in its offering documents. However, investment decisions are subject to approval prior to execution in cases where the Adviser has not been granted full discretion. These limits on the Adviser's authority are generally set forth in the offering and governing documents of the Funds.

Item 17 - Voting Client Securities

As described in Item 8 above, the Adviser generally plans to invest its clients' assets in hard real estate assets. Such investments do not typically include ownership of securities that provide the Adviser or any Funds the right to vote.

Item 18 - Financial Information

The Adviser is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy petition at any time since inception.