

## **FIRM BROCHURE**

### **CONTI Texas Organization, Inc.**

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**This brochure provides information about the qualifications and business practices of CONTI Texas Organization, Inc. (“CONTI Capital” or the “Firm”). If you have any questions about the information contained in this brochure, please contact us at +1 (972) 331-6881. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**This brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of governing documents that contain a description of the material terms relating to such investments, products or services.**

**CONTI Capital is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training. Additional information about CONTI Capital also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

March 31, 2023

## Item 2: Material Changes

There is no material changes to be mentioned in this section, as this is the first annual amendment for the Firm.

### **Firm Brochure Availability**

The Firm's Brochure is available by contacting Tricia Patel, Chief Compliance Officer ("CCO"), at +1 (972)331-6881 or through the website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm has been registered with the U.S. Securities and Exchange Commission ("SEC") since September 2022, and all new clients are being provided a full copy of CONTI Capital's Brochure.

*The information set forth in this brochure is qualified in its entirety by the applicable offering and/or governing documents. In the event of a conflict between the information set forth in this brochure and the information in the applicable governing and/or offering documents, such documents shall control.*

***We encourage all investors to carefully review this document and/or any other applicable disclosure documents in their entirety.***

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### FIRM DESCRIPTION AND OVERVIEW

CONTI Texas Organization, Inc., a Texas corporation and private investment management firm, d/b/a CONTI Capital (“**CONTI Capital**,” “**we**,” “**our**,” “**us**,” the “**Firm**”), was formed in 2008, as a real estate investment firm investing capital on behalf of individuals, wealth managers, and institutions. We provide investment advisory, management, administrative and other services to affiliated private pooled investment vehicles primarily with respect to direct or indirect investments in real estate and real estate-related investments, interests and assets, specifically multifamily real estate properties located across the U.S. Sun Belt region<sup>1</sup>. Our investment advice and advisory services are provided in accordance with the investment objectives, strategies, restrictions, policies, parameters and conditions described or set forth in the applicable offering and governing documents of each fund and/or offering, and the information set forth in this brochure is qualified in its entirety by the information set forth in such documents.

CONTI Capital currently has three offices located across the United States: the headquarters in Dallas, Texas, and offices in New York City, New York, and in Miami, Florida. CONTI Capital also has an affiliate presence based in São Paulo, Brazil.

### PRINCIPAL OWNERS

We are fully owned and controlled by Carlos P. Vaz. For more information regarding our executive officers and ownership, please refer to Schedules A and B of Part 1A of Form ADV.

### TYPES OF ADVISORY SERVICES

We provide and/or perform investment advisory, management, administrative and other services to various affiliated private pooled investment vehicles (the “**Funds**”) primarily with respect to direct and indirect investments in real estate and real estate related assets or interests (including debt and equity investments).

Where appropriate, the Funds utilize special purpose vehicles as subsidiaries, including corporations, limited liability companies, limited partnerships and other entities, to make and hold investments. Our investment advisory services are provided in accordance with the investment objectives, policies and guidelines set forth in the applicable offering and governing documents. Please refer to **Item 8** for an overview of the investment strategies pursued by the Funds.

We provide advisory services solely with respect to the Funds, our sole advisory clients, and no person should look to us or our affiliates for advice regarding any of its own investment decisions, including any decision to invest or subscribe for an interest in any Fund. We treat the Funds, and not any of the underlying investors in such Funds, as our “clients” for purposes of the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”).

The Firm tailors its advisory services in accordance with each Fund’s governing documents.

We do not act or serve as the general partner or managing member of any of the Funds. Instead, we supervise, oversee and control any and all investment advisory services provided with respect to the Funds, and certain of our affiliates (including the general partners of the Funds) rely on our investment adviser registration instead of separately registering as investment advisers with the Securities and Exchange Commission (the “**SEC**”) under the Advisers Act. **See Item 10.** Except as the context otherwise requires, any reference to “we,” “us” or “our” in this document includes CONTI Capital and any affiliates relying on our registration.

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<sup>1</sup> Per the Bureau of Economics and Administration, as of 2021, the Sun Belt States are: Alabama, Arkansas, Arizona, Florida, Georgia, Louisiana, Mississippi, North Carolina, New Mexico, Oklahoma, South Carolina, Tennessee, and Texas. As defined by CONTI Capital, the U.S. Sun Belt is the southern region of the U.S. and CONTI Capital typically, but not exclusively, targets the following markets: Dallas-Fort Worth, Austin, Orlando, Tampa, Atlanta, Nashville, Charlotte, and Phoenix.

## INVESTMENT RESTRICTIONS

We provide investment advice to each Fund in accordance with the investment objectives, strategies, policies, guidelines, limitations and restrictions set forth in the applicable offering and governing documents, and not in accordance with the individual needs or objectives of any particular investor(s) in the Funds. Except as otherwise set forth in the applicable offering and governing documents, investors generally are not permitted to impose any restrictions or limitations on the management, activities and/or operation of any of the Funds.

Certain of the Funds and their general partners or controlling persons have entered into, and/or may from time to time in the future enter into, side letter agreements and other similar agreements or arrangements (commonly referred to as “side letters”) with certain investors that have the effect of establishing rights or terms and/or otherwise benefitting such investors in a manner that is more favorable in various material respects than the rights and benefits established in favor of other investors pursuant to the applicable governing documents. Such rights and benefits in any side letter or similar agreement with respect to an investor in a Fund include and/or may include, without limitation, (i) investment capacity rights, (ii) fees and/or carried interest reductions or waivers, (iii) reporting obligations of the applicable general partner, manager or us and/or preferential information rights (including portfolio transparency or more favorable reporting rights), (iv) waiver of certain confidentiality obligations, (v) consent of the general partner to certain transfers by such investor, (vi) most favored nations status, (vii) co-investment opportunity rights or participation rights, (viii) right to designate or appoint representative or observer to the advisory committee of a Fund, and (ix) rights or terms necessary or advisable in light of particular legal, regulatory or public policy considerations of an investor.

## REGULATORY ASSETS UNDER MANAGEMENT

As of December 31, 2022, we had approximately \$359,847,717 in regulatory assets under management (as reflected in Item 5.F.(2) of Part 1A of our Form ADV). All of these assets were managed on a discretionary basis (either directly or indirectly) and CONTI Capital currently does not manage any assets on a non-discretionary basis. For purposes of calculating our regulatory assets under management, we have only included the assets of a subset of our clients for which we provided or may be deemed to have provided “continuous or regular supervisory or management services” with respect to “securities portfolios” (as such terms and concepts are described and defined in the instructions to Part 1 of Form ADV) as of December 31, 2022.

As of December 31, 2022, certain of the Funds to rely upon and qualify for, to the extent applicable, the exclusions from the definition of “investment company” set forth in Sections 3(c)(1), 3(c)(5)(C), 3(c)(6) and/or 3(c)(7) of the Investment Company Act of 1940, as amended (the “*Company Act*”). Since certain such Funds qualify for and rely upon one or more exclusions from registration under the Company Act other than (and in addition to) Section 3(c)(7) and Section 3(c)(1), they do not currently constitute “private funds” for purposes of the Advisers Act, Form ADV or Form PF, and they are not classified or categorized as such for purposes of this brochure.

## Item 5: Fees and Compensation

### DESCRIPTION OF FEES AND COMPENSATION

We and/or certain of our affiliates generally receive management fees, carried interest distributions or incentive distributions and other fees and compensation in connection with the management of each Fund, its investments and real estate acquisitions. The fees paid may differ based on investment size, strategy, and complexity of the client. The fees may be negotiable depending on product types and account. While the fees and compensation payable to us and our affiliates with respect to each Fund and its investments are described in detail in the applicable offering and governing documents, a general overview of such fees and compensation is set forth below:

**Fund Management Fees.** With respect to most of the Funds, we or an affiliate generally are entitled to receive, on a quarterly basis in arrears, a management fee in respect of each unaffiliated investor equal to: (i) during the proceeds reinvestment period or investment period, a percentage (typically from 1.25% to 2% per annum) of such investor's capital commitment, and (ii) after the expiration of the proceeds reinvestment period or investment period, a percentage (typically from 1.25% to 2% per annum) of such investor's unreturned capital contributions to such Fund. With respect to certain offshore Funds, we receive or may receive an additional fund management fee in respect of such offshore Fund equal to a percentage of the capital commitments from investors in such offshore Fund.

**Asset Management Fees.** With respect to certain Funds, we or an affiliate generally are entitled to receive, in lieu of the fund management fee described above, a monthly asset management fee in an amount equal to 2.5% to 3% of the gross operating income of each property and real estate-related assets owned by such Funds. Such asset management fee is intended to compensate CONTI Capital for the oversight of each such property, including executing on legal, accounting, property tax management, insurance review, filing and data processing fees, advertising, information technology costs, reimbursements for operating expenses and providing administrative services in connection with properties.

**Carried Interest Distributions.** Subject to the terms and conditions set forth in the applicable governing documents, an affiliate generally is entitled to receive a carried interest distribution in respect of each unaffiliated investor in a Fund equal to 20% of net profits derived from the disposition of each investment (on an investment-by-investment basis), subject to (i) the satisfaction of cumulative, but not compounding, annual rate of return on unreturned capital contributions attributable to such investment, and (ii) the repayment of all unreturned capital contributions made by such investor in respect of such investment (but not in respect of any other investments).

**Acquisition Fees.** We and our affiliates generally are entitled to receive an acquisition fee equal to the greater of \$300,000 or 1.0% (or such other applicable percentage) of the purchase price to fund sourcing, due diligence, contracting and acquiring any investment made by a Fund. Acquisition fees are borne by the applicable Funds.

**Disposition Fees.** We and our affiliates generally are entitled to receive a disposition fee for services in connection with the sale of any investment in a Fund equal to a percentage (typically from 1.0% to 1.5%) of the sales price of such investment. Disposition fees are borne by the applicable Funds.

**Capital Improvement Oversight Fees.** We and our affiliates generally are entitled to receive a capital improvement oversight fee in connection with capital improvements and renovation or value-enhancement projects for any investment made by a Fund. Such capital improvement oversight fee typically is equal to 10.0% (or such other applicable percentage) of the costs of any capital improvement or other material alterations made to any investment, and is borne by the applicable Fund.

**Financing Fees.** With respect to certain of the Funds, we and our affiliates charge or may charge a financing fee for services in connection with the origination, assumption or refinancing of any debt financing obtained that is used to finance properties or other permitted investments or fees in connection with the financing of a property. Any such financing fee is equal to a percentage of the loan amount available under such financing. Any such financing fees are indirectly borne by the applicable Funds.

We have entered into, and may from time to time in the future enter into, arrangements with certain third parties pursuant to which we or our affiliates have agreed, or may agree, to share with such third parties a portion of the management fees payable to us by investors in a Fund that were referred to us or such Fund by such third parties. For more information, see **Item 14**.

In addition to management fees, carried interest distributions, acquisition fees, disposition fees and capital improvement oversight fees, we and/or our affiliates and other third-party service providers receive or may receive various other types and forms of fees, payments and/or compensation in connection with our duties and services in respect of each Fund and its investments (as described in the applicable governing and/or offering documents), and such fees generally do not result in any reduction of or offset to the management fees payable by the applicable Fund.

*Detailed information regarding the fees and compensation and expenses applicable to each Fund is set forth in its applicable offering and governing documents (and related operating agreements) and the summary set forth above is qualified in its entirety by such offering and governing documents. The applicable fees and compensation in respect of a Fund may vary from Fund to Fund based upon the terms and conditions set forth in the applicable governing and operating agreements thereof.*

#### **PAYMENT OF FEES**

Management fees in respect of each investor in a Fund generally are payable to CONTI Capital, or an affiliate, on a monthly, quarterly, or semi-annual basis in arrears, except as otherwise provided in the applicable offering and governing documents.

Carried interest distributions generally are distributed to an affiliated special limited partner on quarterly basis or from time to time upon the disposition of each investment in accordance with the terms set forth in the applicable governing documents. Carried interest distributions are made separately with respect to each applicable investor in a Fund.

Any other applicable fees or compensation payable to us and our affiliates in respect of a Fund or any property or investment owned by a Fund will be payable in accordance with the terms set forth in the applicable operating agreements entered into with respect to such Fund or its properties.

#### **OTHER FEES AND EXPENSES**

Detailed disclosures and information regarding the various expenses and costs paid or borne by or allocated to each Fund are set forth in its offering and governing documents. In addition to management fees, carried interest distributions, acquisition fees, disposition fees, capital improvement oversight fees and other applicable fees and compensation payable to us or our affiliates with respect to a Fund and/or its investments, each Fund generally bears and pays, or reimburses us and/or our affiliates for, any and all expenses, costs and fees related to, or arising out of, the operation of such Fund and the applicable general partner and such Fund's investments and properties including, without limitation, (i) all expenses relating to organizing such Fund and the general partner of such Fund including, but not limited to, initial offering expenses, an allocable share of any fees for software used in facilitating an offering, legal and accounting fees, marketing expenses, consulting fees, printing and mailing expenses, government filing fees (including blue sky filing fees and all offshore filing fees and costs) and structuring fees incurred by such Fund, the general partner of such Fund or any of their affiliates in connection with the organization of such Fund or the general partner thereof (including the formation of such entities) and the offering and closings of the purchase of limited partner interests in such Fund; (ii) fees payable to the general partner of such Fund or any of its affiliates; (iii) third-party fees and expenses (including property management fees, consultancy fees and commissions on transactions); (iv) legal fees; (v) marketing expenses; (vi) accounting fees; (vii) software expenses; (viii) any taxes imposed on such Fund or the general partner thereof; (ix) all costs and expenses related to the sourcing, evaluation, development or financing of any potential or actual project or investment, including related travel expenses (whether or not the potential investment or project is acquired by such Fund) (which travel expenses include or may include the cost of first or business class commercial airfare, lodging costs, transportation, car services, meals and entertainment); (x) administrator and administrative fees and expenses; (xi) meeting costs; (xii) insurance (including liability insurance and other coverages for the benefit of such Fund, the general partner of such Fund and their respective personnel and affiliates); (xiii) the costs and expenses of any litigation (including fees and disbursements of counsel) involving such Fund and the amount of any judgments or settlements paid in connection therewith; and (xiv) any other extraordinary expenses attributable to the business of such Fund or the general partner thereof, including, without limitation, any "broken deal" or "dead deal" expenses and pursuit costs. For the avoidance of doubt, we currently enter into property management agreements with a third-party property manager in connection with the management and operation of each property or real estate asset owned directly or indirectly by a Fund, and any such property management fees will be borne indirectly by the applicable Fund.

The investment strategies and investment programs of each Fund generally are not expected to involve the purchase or sale of publicly offered securities, and as such, typically will not entail expenses related to brokerage commissions.

The property management fee payable with respect to each property owned by a Fund typically is equal to 3% or such other applicable percentage of the gross operating income or gross receipts attributable to such property. To the extent applicable, each Fund generally will be responsible for and pays any of its custodial fees and expenses.

**See Item 12 below.**

The foregoing disclosures regarding the applicable fees and expenses are not intended to be exclusive or comprehensive, and are qualified in their entirety by the applicable offering and governing documents of each Fund.

#### **EXPENSE ALLOCATIONS**

We have a conflict of interest in allocating certain costs and expenses. Certain third-party costs are incurred for the benefit of the Funds and/or their subsidiaries, other clients or vehicles or ventures managed or sponsored by us or our affiliates, us and any of their respective affiliates. Determining or estimating (or making decisions regarding) the applicable parties' allocable or pro rata share of such expenses and costs, or otherwise allocating such costs and expenses, requires the judgment of, and is subject to the discretion of, us and our affiliates and there can be no assurance that the Funds and their subsidiaries or investments will not directly or indirectly bear or be subject to a disproportionate share or portion of such expenses and costs (or that we or our affiliates may directly or indirectly bear or be subject to less than their allocable share of such costs). We are authorized and empowered to make determinations with respect to the allocation of expenses, and such determinations generally will be determined by us in our sole discretion and be final and binding on the Funds and their subsidiaries. The Funds and their investments will thus be reliant upon or subject to the determinations and judgments of us with respect to the allocation of expenses, and we will act in good faith in making such determinations.

#### **COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS**

However, we or our affiliates and personnel and related parties from time to time receive intangible and other benefits, discounts and perquisites arising or resulting from their activities on behalf of the Funds and their investments, which will not offset or reduce management fees or otherwise be shared with the Funds or investors therein. For example, airline or hotel stays will result in "miles" or "points" or credit in loyalty or status programs, and such benefits will, whether or not material or difficult to value, inure exclusively to the benefit of us, our affiliates or personnel or related parties receiving it, even though the cost of the underlying service is borne by the applicable Funds.

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

As noted under Item 5 above, we and our affiliates generally are entitled to receive carried interest distributions with respect to the Funds. Carried interest distributions could motivate us, due to our relationship with our affiliates, to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. For example, a carried interest distribution generally entitles our affiliate to a percentage of the net profits of each investor in a Fund; however, such affiliate is not required to bear the same proportion of the net losses, if any, suffered or incurred by a particular investor or Fund as a whole. We generally attempt to mitigate conflicts of interest associated with carried interest distributions through (i) the requirement that invested capital, a preferred return and expenses be returned to investors before our affiliate is entitled to receive any carried interest distributions; and (ii) a substantial capital commitment to a client by us and our affiliates.

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

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

In general, we will attempt to address any material conflicts through full and fair disclosure in the applicable offering documents and this brochure.

## Item 7: Types of Clients

### **TYPES OF CLIENTS**

We currently provide investment advisory, management and other services with respect to affiliated private pooled investment vehicles, the Funds, and the Funds are only advisory clients, usually organized as a limited partnership, limited liability companies or other legal entities. These private funds are not registered under federal securities laws and typically utilize sophisticated investment strategies and proprietary investment models. We may in the future provide or perform advisory services with respect to other types of clients and vehicles and accounts.

### **ACCOUNT REQUIREMENTS**

CONTI Capital must have a reasonable belief that potential investors onboarding in the Funds meet certain eligibility requirements and, in each case must satisfy certain regulatory compliance procedures (including but not limited to anti-money laundering procedures), prior to accepting any subscription or investment amount.

The minimum initial capital commitment or contribution generally required for an investor in a Fund generally is set forth in the applicable offering and governing documents. Accordingly, smaller initial capital commitment or contribution may be accepted according to our discretion.

Each new investor in a Fund generally will be required to represent that it is, among other things, (i) an “accredited investor,” as such term is defined in Rule 501(a) of Regulation D under the Securities Act and (ii) a “qualified client” as such term is defined in Rule 205-3 under the Advisers Act.

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

### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

CONTI Capital invests capital in both debt and equity investments and is driven by a core focus of creating value for its investors through active stewardship of their capital. We provide capital solutions to acquire, manage, and sponsor real estate investments across the southern region of the U.S. Moreover, our efforts are credited through a data-driven approach that allows us to identify attractive metro areas, sub-markets, and zip codes for multifamily investment opportunities. We utilize a proprietary screening tool that analyzes to analyze potential acquisition opportunities against key supply and demand variables that have historically driven property-level performance. At the national level, CONTI Capital's specially acquired rent growth dataset and real-time demographic and employment datasets aggregates millions of data points across hundreds of unique indicators to assess attractive markets for multifamily investments. At the sub-market level, our proprietary tool assesses each zip code according to key variables including, amongst others, employment, the share of prime-renters, housing affordability, rent growth and commute distance, allowing us to track market shifts as they occur. This has resulted in the ability to filter through numerous acquisition opportunities whilst maintaining a disciplined investment approach.

Our method of analysis has resulted in a disciplined investment philosophy focused on minimizing downside, maximizing cash flow, and achieving attractive returns. There is an emphasis on acquiring properties with high value-add potential at an appropriate valuation or developing properties in opportunistic markets with a clear exit strategy. As such, CONTI Capital employs a strict acquisition criterion to assess viable properties and development opportunities to then evaluate against comparable assets. In addition, CONTI Capital focuses on a buy, develop, refinance, or hold philosophy that mitigates the risk of a short-term market downturn.

CONTI Capital's opportunities are sourced through real estate brokerage partners as well as through less conventional means, in particular off-market deal flow from proprietary relationships. This is generated by the company's strong relationships with sellers, limited partners, and brokers.

CONTI Capital chooses to focus and excel in only one field: multi-family real estate in the U.S. Sun Belt states. The Sun Belt is comprised of several states across the southern region of the U.S. As CONTI Capital defines it, the Sun Belt is a group of 13 states that includes: Alabama, Arkansas, Arizona, Florida, Georgia, Louisiana, Mississippi, North Carolina, New Mexico, Oklahoma, South Carolina, Tennessee, and Texas. Aside from their geographic proximity and warm climates, these markets share many favorable characteristics: diversified economies, population growth rates exceeding those of other U.S. metro areas, pro-business environments and housing affordability.

CONTI Capital's debt investment philosophy seeks to achieve risk-adjusted returns and produce current income by investing in real estate-related credit assets and vehicles secured by well-positioned and diversified real estate assets. The strategy focuses on credit-driven opportunities across residential and commercial real estate assets and pursues a wide range of investments with proven industry partners in senior bridge debt, senior bridge equity, preferred equity, and mezzanine loans. CONTI Capital's bridge and mezzanine business focuses on (but is not necessarily exclusive to) loans secured by multifamily properties that will be eligible for Fannie Mae or Freddie Mac refinancing at maturity. The bridge program primarily targets properties that are stabilized or are in need of minor to moderate renovation prior to stabilization.

Investment opportunities are sourced through lending partners as well as off-market deal flow from proprietary relationships. This is generated by CONTI Capital's strong relationships with lenders, sellers, limited partners, and brokers.

CONTI Capital's debt investment philosophy utilizes a disciplined investment philosophy focused on risk-adjusted returns with downside protection, reliable current cash flow, and achieving optimal returns for its investors. CONTI Capital follows a rigorous underwriting process with a disciplined credit culture with its partners. In addition, CONTI Capital attempts to weight all material risks that could significantly impact the returns over the ownership timeframe.

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*The investment strategies summarized above are not intended to be exhaustive or comprehensive. For more information regarding the investment objectives, strategies, terms, conditions, policies, guidelines and limitations applicable to each Fund, please carefully review the applicable offering and governing documents.*

## **CERTAIN RISK FACTORS**

***There can be no assurance that the Funds will achieve their respective investment objectives or that investments in the Funds will be profitable. The Funds' investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that the Funds' investment strategies are low risk or risk free. The Funds' investment strategies are appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. The various risks outlined below are not the only risks associated with the Funds' investment strategies and processes. All or a subset of the risk factors set forth below apply or may apply with respect to all or certain of the Funds or all or certain of the investors. Prospective investors are encouraged to consult with their own independent legal, financial, tax and other advisors before making any investment decision. The following risks are qualified in their entirety by the risks and disclosures set forth in the applicable offering and/or governing documents of each Fund.***

### General Market, Regulatory, Economic and Other Risks

*General Economic Conditions.* Our clients may be materially affected by market, economic, political and social conditions globally and in the jurisdictions and sectors in which they invest or operate, including factors affecting interest rates, the availability of credit, currency exchange rates, inflation risk, supply chain disruptions, sanctions, and trade barriers. These factors are outside our control and could adversely affect the liquidity and value of client investments, and may reduce the ability of clients to make attractive new investments or extend the time for clients to be able to acquire or dispose of investments objectives. The recent conflict between Ukraine and Russia, and the sanctions recently adopted by the United States, the European Union and other countries presents significant economic, market and other risks.

*Market Risks.* The capital markets have experienced great volatility and financial turmoil, including, without limitation, following the COVID-19 outbreak and the recent outbreak of hostilities between Russia and Ukraine. Moreover, governmental measures undertaken in response to such turmoil and volatility (whether regulatory or financial in nature – including sanctions) may have a negative effect on market conditions. General fluctuations in the market prices of investments and economic conditions generally may reduce the availability of attractive investment opportunities for clients and may affect our ability to make investments. Instability or volatility in the markets and economic conditions generally (including during periods of high inflation, a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in client investments and could have a negative impact on the performance and/or valuation of the investments. Client performance can be affected by deterioration in the capital markets and by market events. Volatility and illiquidity in the financial asset class may have an adverse effect on the ability of clients to sell and/or partially dispose of their investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices we believe reflect the fair value of such investments. The impact of market and other economic events may also affect our ability to raise funding to support client investment objective.

A client's strategy in some investments may be based, in part, upon the premise that real estate businesses and assets will be available for purchase by such client at prices that we consider favorable. Further, a client's strategy may rely, in part, upon local market recoveries from a market dislocation event (e.g. COVID-19 or Russia-Ukraine conflict) for which we forecast a correction during the life of such client. No assurance can be given that real estate businesses and assets can be acquired at favorable prices or that the market for such assets will recover or continue to improve, if applicable, as anticipated by us, since this will depend, in part, upon events and factors outside our control. In addition, there can be no assurance that current market conditions may not deteriorate during the life of a Fund or client, which could have a material adverse effect on the assets of such Fund or client. Actual or perceived trends in real estate markets do not guarantee, predict or forecast future events, which may differ significantly from those implied by such trends.

*Epidemics, Pandemics, Outbreaks of Disease and Public Health Issues.* The outbreak of coronavirus disease 2019 ("COVID-19") began in December 2019. On 30 January 2020, the World Health Organization declared the outbreak of COVID-19 to be a Public Health Emergency of International Concern and, on 11 March 2020, described the outbreak as a pandemic. A large number of cases of COVID-19 have been recorded world-wide and continue to grow in number.

Although it is not possible to predict the full consequences of COVID-19, the pandemic has had a material impact on the global economy and is likely to continue to have a material impact. Historically, widespread outbreaks of communicable diseases have affected investment sentiment and caused sporadic volatility in global markets. Such effects will be unevenly distributed across sectors, businesses, and national economies, depending upon, amongst other things, the global distribution of detected cases of COVID-19. Most large economies have imposed quarantines or lockdowns to limit the spread of COVID-19. Such lockdowns have resulted in large disruptions for the consumer sector generally, as well as substantially reducing international, and in some cases local, travel. Whilst certain sectors, including airlines, manufacturing, retail and tourism currently appear to be worst affected, most other sectors have also been impacted.

The financial impact of COVID-19 on businesses which operate, or are reliant upon suppliers or customers, in affected areas has been widely reported. Affected businesses may encounter a range of financial consequences. Prospective Investors should particularly be aware of supply-chain disruption. It is anticipated that as a result of the impact of COVID-19 on supply-chains, manufacturing output levels are likely to be depressed. As regions around the globe continue to be quarantined, and the flow of goods in and out of such regions is restricted, a shortage of materials and components being distributed from these areas may be created. As a result, companies who rely on international supply networks may be unable to meet consumer demand for their products. This means that, in the short-term, productivity and profit levels could be reduced. In particular, firms may encounter considerable delays in their manufacturing timelines.

In addition, solvency concerns can be exacerbated if the situation results in working capital lines being blocked, financial covenants being breached, events of default occurring and/or the triggering of termination payments or other contingent liabilities for non-performance. Any slow-down in business activity may negatively impact liquidity.

Such negative changes in the global financial markets, or the national or regional economies in which any of a Fund's investments do business, may therefore in turn have a material adverse effect on the business of the Fund or the business of any of its investments.

The World Health Organization or regional or national authorities may recommend or impose further measures that could cause significant interruption to the business operations of the Funds or any of their investments. For example, if an employee is suspected of having contracted a contagious disease, their employer may be required to apply quarantines or suspend operations. Such measures may impact on the commerciality of a transaction, the ease with which transactions may be executed, or the general costs otherwise incurred by a Fund or the business of any of its investments. Travel restrictions, for example, may prevent physical meetings and on-site visits from taking place.

The full scope of the COVID-19 outbreak, its duration, intensity and consequences are uncertain and any further resultant economic slowdown and/or negative business sentiment across markets may have a negative and long-lasting impact on the business operations and financial condition of us, our affiliates, the Funds and the investments themselves.

*Terrorist Attacks, War and Natural Disasters.* Terrorist attacks, anti-terrorist efforts, armed conflicts involving the United States or its interests abroad and natural disasters may adversely affect the United States, its financial market and global economies and could prevent CONTI Capital, its affiliates, and Clients from meeting their respective investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, acts of war or hostility or military actions and natural disasters have created many economic and political uncertainties in the past and may do so in the future which may adversely affect the United States and world financial markets and the Clients for the short or long-term in ways that cannot presently be predicted.

The threat of terrorist attacks, whether domestic or foreign, military or other actions taken in response to such actions, and natural disasters (including outbreaks of disease, pandemics, epidemics and other public health issues) may cause instability in the global financial and energy markets. Terrorism, the wars in the middle east and other oil and natural gas producing regions, political instability in Northern Africa, Eastern Europe and the Middle East, other sustained

military campaigns, natural disasters, outbreaks of disease, pandemics, epidemics, and other public health issues could adversely affect the Funds and the market price of oil and natural gas in unpredictable ways, or the possibility that the infrastructure on which the operators developing mineral properties rely could be a direct target or an indirect casualty of an act of terror or natural disaster. In February 2022, armed conflict escalated between Russia and Ukraine and Russia invaded Ukraine. In response to Russia's invasion of Ukraine, the United States, the European Union and various other countries have announced, and continue to announce and expand, sanctions against or targeting Russia and various important Russian people and companies. These sanctions currently include, among others, restrictions or bans on selling or importing goods, services or technology in or from Russia, bans on Russian energy imports, and travel bans and asset freezes impacting connected individuals and political, military, business and financial organizations in Russia. The U.S. and other countries could impose wider or more significant sanctions and take other actions against Russia or its interests should the conflict further escalate or deteriorate. The Ukraine-Russian conflict has led to, and may continue to lead to, significant political, geopolitical, economic and market turmoil and volatility, including dramatic increases in oil and gas prices and further supply chain disruptions. It is not possible to predict the broader consequences of this conflict or the sanctions imposed or applied as a result thereof, which could include further sanctions, embargoes, regional instability, geopolitical shifts, conflicts and adverse effects on macroeconomic conditions, currency exchange rates and financial markets, all of which could impact any client's or any investment's business, financial condition and results of operations.

*Geopolitical Risks* An unstable geopolitical climate and continued threats of terrorism could have a material effect on general economic conditions, market conditions and market liquidity. The continued threat of terrorism and the impact of military or other action have led to and will likely lead to increased volatility in prices for oil and gasoline and could affect certain investments financial results. Further, the United States government has issued public warnings indicating that energy assets might be specific targets of terrorist organizations. As a result of such a terrorist attack or of terrorist activities in general, such investments may not be able to obtain insurance coverage and other endorsements at commercially reasonable prices or at all. Additionally, a serious pandemic or a natural disaster could severely disrupt the global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer confidence may increase the risk of default with respect to particular investments of the Funds, negatively impact market value, increase market volatility and cause credit spreads to widen and reduce liquidity, all of which could have an adverse effect on a Fund's returns and ability to make new investments. No assurance can be given as to the effect of these events on the value of or markets for investments.

*Governmental Intervention.* In 2008, the global financial markets underwent disruptions that led to certain governmental intervention. The coronavirus (COVID-19) global pandemic has also led to substantial governmental intervention (both in the United States and abroad). Such intervention, in certain cases, was or is being implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions were or are typically unclear in scope and application, resulting in confusion and uncertainty which in itself can be materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies. If governmental intervention programs are unwound, there could likewise be uncertainty and adverse effects on the markets. In the case of any future market disruptions, it is impossible to predict what interim or permanent governmental restrictions (or easing of restrictions) may be imposed on the markets or the effect of such restrictions on the Funds' investment strategies.

*Sanctions compliance considerations.* Economic sanction laws in the United States and other jurisdictions may prohibit or otherwise restrict the General Partner, the Fund, the Investments in which the Fund invests and their respective officers, directors and employees from engaging in transactions in or relating to certain countries and relating to certain individuals and entities. In the United States, the U.S. Department of the Treasury's Office of Foreign Asset Control ("OFAC") and U.S. Department of State administer and enforce laws, executive orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These persons and entities include specially designated nationals and other persons and entities targeted by OFAC sanctions programs. The lists of OFAC restricted countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at [www.treas.gov/ofac](http://www.treas.gov/ofac). In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. Failure by the General Partner, the Fund or any of the investments in which the Fund invests to comply with OFAC

or other relevant sanctions could have serious legal and reputational consequences, including civil and criminal penalties.

*Inflation.* Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets, particularly in emerging economies. For example, if an investment or property is unable to increase its revenue in times of higher inflation, its profitability may be adversely affected. Properties and investments may have revenues linked to some extent to inflation, including, without limitation, by government regulations and contractual arrangement. As inflation rises, an investment may earn more revenue but may incur higher expenses. As inflation declines, an investment or property may not be able to reduce expenses commensurate with any resulting reduction in revenue. Furthermore, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. In an attempt to stabilize inflation, countries may impose wage and price controls or otherwise intervene in the economy (including, without limitation, by increasing interest rates). Governmental efforts to curb inflation often have negative effects on the level of economic activity. Past governmental efforts to curb inflation have also involved more drastic economic measures that have had a materially adverse effect on the level of economic activity in the countries where such measures were employed. There can be no assurance that inflation will not become a serious problem in the future and have an adverse impact on the returns generated by clients, investments and investors. If inflation were to rise at rates higher than those anticipated in underwriting of a client's investments, the effective rate of return on such investments may be reduced. For example, there could be instances where rents and other revenues related to such investments may be fixed by contract for meaningful periods of time whereas related expenses may not be. As a result, an unexpected risk in the rate of inflation could have a material and adverse impact on clients and their investments.

*Privacy, Data Protection and Information Security Compliance Risk.* Compliance with current and future (i) privacy, data protection and information security laws and (ii) league rules regarding the use and disclosure of confidential information could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and any Fund's current and planned business

activities and as such could increase costs for such Fund or their or our ability to disclose certain investment information to its investors. A failure to comply with such laws, regulations and league rules could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of the Funds, as well as have an impact on a Fund's ability to make future investments.

Properties and investments in which the Funds' invest are or may be subject to laws and regulations related to privacy, data protection and information security in the jurisdictions in which they operate or do business. As privacy, data protection and information security laws and regulations are implemented, interpreted and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

California has passed the California Consumer Privacy Act of 2018 (the "**CCPA**"). The CCPA generally applies to businesses that collect personal information about California consumers, and either meet certain thresholds with respect to revenue or buying and/or selling consumers' personal information. The CCPA imposes stringent legal and operational obligations on such businesses as well as certain affiliated entities that share common branding. The CCPA is enforceable by the California Attorney General. Additionally, if unauthorized access, theft or disclosure of a consumer's personal information occurs, and the business did not maintain reasonable security practices, consumers could file a civil action (including a class action) without having to prove actual damages. Statutory damages range from \$100 to \$750 per consumer per incident, or actual damages, whichever is greater. The Attorney General also may impose civil penalties ranging from \$2,500 to \$7,500 per violation. Other states have passed or are considering similar types of privacy legislation.

The European Union (the "**EU**") data protection law currently in effect is in the form of the General Data Protection Regulation (EU 2016/679) (the "**GDPR**"), which took direct effect across the EU member states on May 25, 2018. The GDPR seeks to harmonize national data protection laws across the EU, while at the same time, modernizing the law to address new technological developments. The GDPR notably has a greater extra-territorial reach than pre-existing legislation and has a significant impact on data controllers and data processors (i) with an establishment in the EU, (ii) which offer goods or services to EU data subjects or (iii) which monitor EU data subjects' behavior within the EU. The GDPR imposes more stringent operational requirements on both data controllers and data processors and introduces significant penalties for non-compliance, with fines of up to 4% of total annual worldwide revenue or €20 million (whichever is higher), depending on the type and severity of the breach.

Other jurisdictions, including other U.S. states, have proposed or are considering similar privacy laws, which if enacted could impose similarly significant costs, potential liabilities and operational and legal obligations. Such privacy laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs and operational and legal burdens on regulated entities. Further, compliance with current and future privacy laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of our current and planned business activities. Any such privacy law could materially and adversely affect the results of operations and overall business of our clients and/or their investments, as well as have a negative impact on their respective performance.

*Proposed Private Fund Adviser Rules.* On February 9, 2022, the SEC proposed new rules and rule amendments under the US Advisers Act that could significantly impact and effect private fund advisers, including those registered with the SEC and those exempt from registration (the "**Proposed Private Fund Adviser Rules**"). The Proposed Private Fund Adviser Rules generally provide for (i) increased transparency with respect to fee and expense disclosure and financial performance disclosures, (ii) mandatory annual audits of private funds and guidance on reporting standards and record-keeping requirements, (iii) new requirements with respect to certain adviser-led secondary transactions, including requirements to obtain third-party fairness opinions in connection with such transactions, and (iv) prohibitions and restrictions on certain practices and activities of private fund advisers with respect to private funds managed thereby, including, but not limited to, exculpation, standard of care and indemnification provisions relating to private fund advisers, charging fees or expenses related to a portfolio investment on a non-pro rata basis, borrowing from a private fund and certain types of preferential treatment of particular investors. The Proposed Private Fund Adviser Rules have been subject to substantial public and industry comment, and it is not clear whether or not any or all of the proposed new rules will ultimately be adopted by the SEC or materially changed from their current form. If adopted, however, the Proposed Private Fund Adviser Rules would significantly increase the costs of compliance for private funds and private fund advisers, including us and our clients, and require significant amendments and revisions to the governing documents of clients, including, without limitation, the governing documents of clients.

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

*Disruption in the Financial Services Industry.* Our ability to make and consummate investments, secure funding and engage in other activities and transactions could be adversely affected by the actions and stability of banks and other financial institutions. Banks and financial institutions are interrelated as a result of trading, clearing, counterparty and various other relationships. As a result, defaults or failures by, or even rumors or questions about or regarding, one of more banks or financial institutions, or the industry generally, have historically led to market-wide liquidity and other problems. Losses of depositor, creditor and counterparty confidence and could lead to losses or defaults by clients and their investments and other banks and financial institutions (including banks and financial institutions that clients and their investments deal or interact with). In response to the bank failures at Silicon Valley Bank ("SVB") and Signature Bank and the resulting market reaction, the Secretary of the Treasury, the Federal Reserve and the FDIC indicated that all depositors of SVB and Signature Bank would have access to all deposits by utilizing the Deposit Insurance Fund, including bridge banks to assume all of the deposit obligations of the failed banks, while leaving unsecured lenders and equityholders of such institutions exposed to such losses. The Federal Reserve also created the Bank Term Funding Program to ensure banks have the ability to meet the needs of their depositors. There is no guarantee that the Department of Treasury, FDIC and the Federal Reserve will provide access to uninsured funds in the future in the event of the closure of other financial institutions (or do so in a timely fashion) and it is uncertain whether these steps by the government will be sufficient to calm the financial markets, reduce the risk of significant depositor withdrawals at other institutions and thereby reduce the risk of additional bank failures.

#### Property and Investment Risks

*General Risks of Real Estate Ownership and Investments.* All real estate investments, ranging from equity investments to debt investments, are subject to some degree of risk. For example, real estate investments are relatively illiquid and, therefore, will tend to limit a Fund's ability to vary such Fund's portfolio promptly in response to changes in economic or other conditions. Because real estate, like many other types of long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of the investments. In addition, the ability of a Fund to realize anticipated rental and interest income on its equity and debt investments will depend on many factors which may be beyond our control, including on the financial reliability of the investments' tenants and borrowers, the location and attractiveness of the properties in which

it invests, the supply of comparable space in the areas in which its properties are located (affected, for instance, by overbuilding) and general economic conditions. There is no assurance that the investments will be profitable or that cash flow will be available for distribution to partners. Other risks include (a) changes in general economic or local conditions; (b) changes in or promulgation and enforcement of zoning, land use, building, environmental protection, occupational safety and other governmental laws and regulations; (c) changes in operating expenses; (d) changes in real estate tax rates; (e) changes in interest rates; (f) changes in costs and terms of mortgage loans; (g) unavailability of mortgage funds which may render the construction, leasing, sale or refinancing of a property difficult; (h) fluctuations in energy prices and energy and supply shortages; (i) changes in the relative popularity of properties; (j) changes in the number of buyers and sellers of properties; (k) the financial condition of borrowers and of tenants, buyers and sellers of property; (l) the imposition of rent controls; (m) the ongoing need for capital improvements; (n) cash-flow risks; (o) construction risks; (p) natural catastrophes, pandemics, epidemics, outbreaks of disease and other public health issues (and governmental actions or measures in response to such developments); (q) acts of war, terrorism or civil unrest; (r) various uninsured or uninsurable risks and uninsurable losses; and (s) other factors beyond the control of us or the management of the Funds. As investments in real estate generally are not liquid, there is no assurance that there will be a ready market for the investments.

Additionally, the Funds are, in certain instances, responsible for structural repairs, improvements and general maintenance of real property. The expenditure of any sums in connection therewith beyond those budgeted for by the Funds will reduce the cash available for distribution and may require the Funds to fund deficits resulting from the

operation of a property. In acquiring a property, the Funds may agree to lock-out provisions that materially restrict it from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed on that property. No assurance can be given that the Funds will have funds available to make such repairs or improvements. These factors and any others that would impede a Fund's ability to respond to adverse changes in the performance of its assets could significantly affect such Fund's financial condition and operating results.

Investments are subject to various risks which may cause fluctuations in occupancy, rental rates, operating income and expenses or which may render the sale or financing of properties difficult or unattractive. For example, following the termination or expiration of a tenant's lease there may be a delay before a Fund will begin receiving rental payments under a replacement lease. During that period, the Funds will continue to bear fixed expenses such as interest, real estate taxes, maintenance and other operating expenses. In addition, declining economic conditions may impair a Fund's ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants may require the Funds to make capital improvements to properties which would not have otherwise been planned. Ultimately, to the extent that a Fund is unable to renew leases or re-let space as leases expire, decreased cash flow from tenants will result, which will adversely impact such Fund's operating results.

In some instances, the principal asset of the lessee of a property may be only the tenant's improvements thereon, or the liability of the lessee may be limited to its interest in such improvements. In those cases, a Fund will be required to rely on the lessee's equity interest in the improvements for its security. In the event of a default by a lessee or other premature termination of a lease, a Fund may experience delays in enforcing its rights as lessor, may incur substantial costs in protecting its investment and may experience an impairment of value.

*Future Investments Unspecified.* A Fund's investments generally are not identified in advance. Investors, therefore, are relying on the ability of us and our affiliates with respect to the investments to be made using the proceeds of the offering of interests in such Fund. Limited partners generally will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding investments by a Fund. No assurance can be given that any Fund will be successful in obtaining suitable investments or that, if the investments are made, the objectives of such Fund will be achieved.

*Adverse Economic Conditions in Geographic Markets.* The economic performance of the Funds' properties could be affected by changes in local economic conditions. The performance of each Fund is therefore linked to economic conditions in areas where such Fund acquires properties and in the real estate market generally. Therefore, to the extent that there are adverse economic conditions in an area and in the real estate market generally that impact the market, such conditions could result in a reduction of income and adversely affect the investment results of the applicable Fund.

*Identification of Suitable Investment Opportunities.* The Funds' success depend primarily upon the identification and availability of suitable and appropriate investment opportunities. The business of identifying and structuring real estate investments is highly competitive and involves a high degree of uncertainty and risk. There generally is little or no publicly available information regarding the status and prospects of real estate properties and investments in which the Funds are considering or contemplating an investment. Many investment decisions by us and the general partners of the Funds are dependent upon the ability of us and the general partners to obtain relevant information from non-public sources, and we often are required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The availability of investment opportunities is subject to market conditions and certain other factors that are outside of our control or the control of the general partners of the Funds. Investors in the Funds may never be fully invested if we cannot or do not identify enough sufficiently attractive investments during a Fund's investment period. There can be no assurance that we or the Funds will be able to identify sufficient attractive investment opportunities to meet the Funds' investment objectives or that the Funds' or their investors will be able to directly or indirectly participate in any such investment opportunities.

*Restrictive Covenants.* In connection with obtaining certain financing, a lender may impose certain restrictions on a Fund which may affect its ability to incur debt and, thus, adversely affect the investment results of such Fund. Loan documents that a Fund enters into may contain negative covenants that limit its ability to further mortgage the property or impose other limitations.

*Failure to Make Debt Payments.* Loans obtained to fund property acquisitions generally are secured by first mortgages on such properties. If a Fund is unable to make its debt service payments as required, a lender could foreclose on the property or properties securing such debt. This could cause such Fund to lose part or all of its investment. Certain of a Fund's future indebtedness may be cross-collateralized. Consequently, a default on this indebtedness could cause such Fund to lose part or all of its investment in multiple properties.

*Lack of Control over Entities in Which the Funds Invest.* On occasion, we may recommend investments in an entity that either Fund will not control. As a result, in these situations, the Funds may not be able to control the decisions made by such entities. The entities holding investments may therefore make decisions that could be adverse to the applicable Fund. Such investments may also have potential risks of impasse on major decisions, such as sales or mergers, because the applicable Fund would not have full control over the partnership, limited liability company or other entity. In addition, any investment in an entity with co-owners may, under certain circumstances, involve risks not present were a co-owner not involved, including the possibility that partners or other co-owners might become bankrupt or fail to fund their share of required capital contributions. Partners or other co-owners may have economic or other business interests or goals that are inconsistent with the applicable Fund's business interests or goals, and may be in a position to take actions contrary to the applicable Fund's policies or objectives. Disputes between a Fund and its partners or other co-owners may result in litigation or arbitration that would increase expenses and prevent such Fund from focusing its time and effort on its business. Consequently, actions by or disputes with partners or other co-owners might result in subjecting facilities to additional risk. The occurrence of any of the foregoing events could have a material adverse effect on a Fund's results of operations and may adversely affect its investment results.

*Competition.* We compete for investment and development opportunities with the following persons (among others):

- private investors;
- pension funds;
- insurance company investment accounts;
- real estate investment trusts;
- real estate partnerships;
- financial institutions; and
- local developers.

Many of these competitors have substantially greater financial and other resources than us and may have better relationships with developers and sellers. Additionally, these competitors may enjoy significant advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. Moreover, the number of entities and the amount of funds competing for suitable investment properties may increase. However, increased competition from competitors may adversely affect our ability to recommend attractive investment opportunities, as well as the price for such investment opportunities.

There may be numerous other properties that compete with or may compete with properties owned by a Fund.

*Need for Additional Capital.* Certain of a Fund's properties, assets or investments may require additional financing, funding or investments than previously anticipated to satisfy or meet their working capital requirements, construction or development or operational strategies or endeavors or otherwise achieve their objectives. The amount of such additional financing or investment needed will depend upon the maturity, development stage, operational stage and objectives of the particular real estate investment. If the funds provided or invested are not sufficient, an investment may have to raise additional capital at a price unfavorable to the existing investors, including our clients. The availability of capital is generally a function of capital market conditions that are beyond the control of us, our clients or their investments. There can be no assurance that we or our investments will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source. The failure of a Fund to make any such additional investments in an investment may result in a lost opportunity for such Fund to increase its participation in a successful investment or the dilution of such Fund's ownership in an investment.

*Failure to Fulfill Cash Needs.* Certain of the Funds acquire properties with the intention of improving, renovating, operating and then selling those properties at a profit, but there can be no assurance that any such profit will be realized by any Fund. These activities require cash and capital to fund or pay for certain expenses and costs associated therewith including, without limitation, operating deficits, marketing, renovations and capital improvements. In planning for a Fund's cash requirements or needs, we anticipate that these expenses may be met with cash on hand, internally generated cash flow, loan proceeds, profits/return of equity from the sale of completed projects, joint

ventures and equity recapitalizations. To conserve cash, we may elect to defer certain non-essential capital expenditures.

*Force Majeure Events.* There is a risk that investments owned directly or indirectly by the Funds will be impacted or affected or harmed by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, energy blackouts, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes and telecommunication failures). There is a risk that some force majeure events will adversely affect the ability of a party (including an investment, a tenant of an investment, a customer of a tenant of an investment, a counterparty of an investment or a counterparty of a Fund) to perform its obligations until it is able to remedy the force majeure event. Such a party could also claim force majeure for nonperformance of its contractual obligations. Certain force majeure events (such as an outbreak of an infectious disease (including the recent COVID-19 global pandemic)) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries or jurisdictions in which the Funds' investments are located. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over an investment, could result in a loss to a Fund. Any of the foregoing would therefore adversely affect the performance of such Funds.

*Construction Risks.* We cause Funds to invest directly or indirectly in existing or newly constructed properties. We also make or recommend investments in properties that are subject to completion of construction and development. If a Fund acquires a property for development or renovation, it may be subject to risks in connection with a developer's ability to control site development risks, construction costs and the timing of completion of construction or a developer's ability to build in conformity with plans, specifications and timetables. In addition, development and renovation plans could be affected by delays in obtaining any necessary permits or consents from appropriate governmental agencies, strikes, adverse weather, shortages of materials and increases in the cost of labor and materials. Although we typically recommend safeguards that are designed to minimize these risks, such as rights to require the tenant to purchase the property that is under development at a pre-established price designed to reimburse the applicable Fund for all acquisition and development costs, there can be no assurance that the tenants will have sufficient funds to fulfill their obligations under these agreements. The builder's failure to perform may result in tenants terminating leases. These actions may increase the applicable Fund's costs or necessitate legal action by it to rescind the purchase of a property, to compel performance or to sue for damages. Any such legal action may result in increased costs to such Fund.

In addition, certain properties that we recommend are or may be subject to conservatory easements that prohibit the development of certain activities other than those specific activities already conducted on the property, and limit the ability to materially modify the existing layouts on the property.

We may recommend that a Fund (and/or its affiliates) enter into guaranteed maximum price contracts with developers for the development of new construction properties. Such contracts involve counterparty risk since developers may not perform their contractual obligations in accordance with the terms of such contracts. In addition, such contracts may not be insured by surety bonds or guarantees, which would protect such entities in the event of loss or casualty. Without such protection, in the event of loss or casualty, such entities could lose their investments in such new construction properties.

As disclosed in this brochure, we cause certain Funds or clients to engage and retain one of our affiliates to serve as general contractor with respect to construction projects and pay construction management fees to such affiliate (as authorized and permitted pursuant to the applicable governing documents of such Funds and/or clients).

*Real Estate Liquidation Risks.* Real estate and real-estate related investments are illiquid. The Funds may not be able to readily dispose of real estate assets or have the ability to react quickly to changing investment circumstances due to market conditions that could affect the market price of properties, thereby adversely affecting the Funds. Furthermore, a Fund may not have the authority to cause an entity through which it has made an investment to sell or refinance a real estate property or to refrain from selling or refinancing a real estate property.

*Interest Rate Risks.* Interest rates have increased significantly over the past year and are expected to continue to increase in the near term due to record high inflation levels. Higher interest rates will increase costs of borrowing to the Funds. Additionally, certain of a Fund's borrowings may bear interests at variable rates. Interest rate increases would increase the interest cost on such borrowings. These factors would reduce client cash flows and a Fund's ability to pay or fund distributions.

*Market and Business Conditions.* Changes in general or local economic or market conditions, state or local statutes, state or local taxation, litigation, increased energy costs, insurance costs, product costs and labor costs, competitive factors, fuel or labor shortages, quality of management, the ability of a chain or franchisor(s) to fulfill any obligations to operators of its businesses, limited alternative uses for a building, changing consumer habits, condemnation or uninsured losses, changing demographics, changing traffic patterns, inability to remodel outmoded buildings as required by the franchise or lease agreement, voluntary termination by a tenant of its obligations under a lease, bankruptcy of a tenant, and other factors beyond a Fund's or its underlying investment properties' control, may reduce the value of investments, the ability of tenants to pay rent on a timely basis, the amount of the rent and the ability of borrowers to make mortgage loan payments on time.

Additionally, properties securing mortgages that are owned by a Fund may decrease in value from the date when the mortgage loan was made and the creditworthiness of the mortgagee may decrease. Therefore, investment risk will increase due to decreasing market values.

*Properties with Limited Operating History.* Newly-developed or newly-renovated properties generally will not have any operating or performance histories that will allow us to make objective pricing recommendations in acquisitions. The purchase prices of these properties are oftentimes based upon projections by us as to the expected operating results of such properties, subjecting the Funds to risks that such properties may not achieve anticipated operating results or may not achieve these results within anticipated time frames.

*Risks Related to Debt Investments.* We make and recommend debt and credit investments, including construction, mezzanine, participating and other real estate-related loans (collectively, "Debt Investments"). The value of the Debt Investments and the ability to realize full repayment on any Debt Investment may be adversely affected by all of the factors that affect an investment. In particular, certain important risks associated with Debt Investments include, among others: (a) dependency for repayment on successful operation of the underlying property and tenant businesses operating thereon; (b) the non-recourse nature of such loans with respect to the borrower; and (c) amortization schedules that are often longer than the stated maturity and provide for balloon payments at stated maturity rather than periodic principal payments.

Debt Investments are also subject to risks of borrower defaults, bankruptcies, fraud and special hazard losses that are not generally covered by standard hazard insurance. In the event of any default under mortgage loans held, directly or indirectly, by either of the Funds or any entity in which such Fund has an interest, the applicable Fund will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal amount of the mortgage loan and may not receive interest payments on such mortgage loan. Foreclosures of mortgage loan, bankruptcies affecting mortgage loan borrowers and other collateral realization processes will be expensive and lengthy processes that could have a substantial negative effect on a Fund's anticipated return on investment.

*Payments from Tenants.* The success of each Fund's investment activities depends or may depend on rent payments from property tenants to generate returns and cash for the Funds. Significant adverse changes in the operations of any property, or the financial condition of any tenant, could have a material adverse effect on a Fund's ability to collect rent payments and, accordingly, on the investment results of such Fund. Failure on the part of a tenant to comply materially with the terms of a lease could give a Fund the right to terminate the lease with that tenant, repossess the applicable property and enforce the payment obligations under the lease. However, such Fund then would be required to find another tenant. If a Fund is unable to re-let the properties, then it may be forced to sell the properties at a loss due to the repositioning expenses likely to be incurred by the purchasers. Moreover, the bankruptcy of any of a Fund's tenants could delay its efforts to collect past due balances under its leases, and could ultimately preclude collection of amounts due to such Fund. The occurrence of any of the foregoing events may adversely affect the timing of and the investment results of the Funds.

*Volatility of Property Income.* The volatility of net operating income for a property is influenced by matters such as the length of tenant leases, the creditworthiness of tenants, the level of tenant defaults, the ability to convert an unsuccessful property to an alternative use, new construction in the same market as the mortgaged property, rent control laws or other laws impacting operating costs, the number and diversity of tenants, the availability of trained labor necessary for tenant operations, property management decisions, property location and condition, competition from comparable types of properties, any need to address environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in national, regional or local economic conditions and/or specific industry segments, declines in regional or local real estate values, declines in regional or local rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, changes in governmental rules, regulations and fiscal policies, including environmental legislation, acts of God, terrorism, social unrest, civil

disturbances, the rate at which new rentals occur, the property's operating leverage (which is the percentage of total property expenses in relation to revenue), the ratio of fixed operating expenses to those that vary with revenues, and the level of capital expenditures required to maintain the property and to retain or replace tenants. A decline in the real estate market or in the financial condition of a major tenant will tend to have a more immediate effect on the net operating income of properties with short-term revenue sources (such as short-term or month-to-month leases) and may lead to higher rates of delinquency or defaults under mortgage loans secured by such properties.

*Inability to Sell Property.* The real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. We cannot predict whether a Fund will be able to sell any property for the price or on the terms set by them, or whether any price or other terms offered by a prospective purchaser will be acceptable to them. We cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. A Fund may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot guarantee that a Fund will have funds available to correct such defects or to make such improvements.

*Lease Terminations.* The Funds are subject to the normal risks associated with leasing property, including the risk that upon the expiration of leases for space located in the properties, the leases may not be renewed, the space may not be re-let or the terms of renewal or leasing (including any cost of required renovations or concessions to tenants) may be less favorable than current lease terms. If we are unable promptly to re-let a space or renew leases for a significant portion of a property's space or if the rental rates upon renewal or re-letting are significantly lower than expected rates, then the applicable Funds' earnings may be adversely affected. Vacancies may not be able to be filled in a timely manner or on acceptable contract terms.

*Environmental Risks.* Under various federal and state environmental laws and regulations, owners and operators of real estate may be required to investigate and clean up certain hazardous or toxic substances, asbestos-containing materials or petroleum products released on real estate properties. These laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of hazardous or toxic substances. The presence of contamination or the failure to remediate contaminations at any such properties may adversely affect a Fund's ability to sell or lease the properties or to borrow using the properties as collateral. Furthermore, a person that arranges for the disposal or transports for disposal or treatment a hazardous substance at a property owned by another may be liable for the costs of removal or remediation of hazardous substances released into the environment at that property. The costs of remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to promptly remediate such substances, may adversely affect a Fund's ability to sell such real estate or to borrow using such real estate as collateral.

Environmental liabilities that may be incurred, directly or indirectly, could have an adverse effect on a Fund's financial condition or results of operations and thereby adversely affect its investment results.

We typically expect to recommend that a Fund obtain Phase I environmental assessments on all of properties prior to acquisition. Phase I environmental assessments are intended to identify potential environmental contamination for which properties may be responsible. Phase I environmental assessments include historical reviews of the properties, reviews of certain public records, preliminary investigations of the sites and surrounding properties, screening for the presence of hazardous substances, toxic substances and underground storage tanks, and the preparation and issuance of a written report. Phase I environmental assessments do not include invasive procedures, such as soil sampling or ground water analysis. Thus, these environmental assessments may not reveal all environmental liabilities and there may be material environmental liabilities of which neither we nor the applicable Fund was aware.

*Capital Expenditures for Property Renovation.* Properties, particularly those that consist of older structures, have an ongoing need for renovations and other capital improvements, including periodic replacement of furniture, fixtures, and equipment. Under the terms of certain of leases, a Fund may be obligated to pay the cost of expenditures for items that are necessary for the continued operation of its properties and that are classified under generally accepted accounting principles as capital items. If these capital expenditures exceed estimates, the additional costs could have an adverse effect on such Fund. In addition, we may recommend investments in properties that require significant renovations. Renovation of properties involves certain risks, including the possibility of environmental problems, construction cost overruns and delays, uncertainties as to market demand or deterioration in market demand after commencement of renovation and the emergence of unanticipated competition from properties.

*Co-Investments with Third Parties.* A Fund may co-invest or invest from time to time through jointly owned acquisition vehicles, partnerships, joint ventures or other entities with third parties that may have economic or business

interests or objectives that are different than or conflict with those of such Fund. In such situations, a Fund's ability to control its equity investments will depend upon the nature of the joint investment arrangements with such third parties and such Fund's relative ownership stake in such investments. A Fund may be a minority investor in these circumstances. In addition, such arrangements may restrict a Fund's ability to dispose of such investments for potentially significant periods of time. Such co-investments may involve risks in connection with such third-party involvement, including the possibility that a third party co-investor may have financial difficulties, resulting in a negative impact on the investment, may have economic or business interests or objectives (including with respect to the timing of sale) that are different than or conflict with those of such Fund, or may be in a position to take actions contrary to (or block actions which are consistent with) such Fund's investment objectives, which may result in negative consequences, including loss of capital. A Fund may be liable for certain actions of its co-venturers or co-investors. Co-investments may also involve higher costs than other investments. Co-venturers or co-investors potentially may include one or more investors in the Funds, us and/or one or more of our or their affiliates.

*Bridge Financings.* A Fund may make an investment with the intent of selling, refinancing or otherwise reducing it after the closing of such investment. Any such investment may include assets or properties that we may not have caused a Fund to acquire on a stand-alone basis, and we may seek to reduce the Fund's exposure to such assets through disposition, refinancing or another transaction. In these situations, a Fund's strategy may depend, in part, upon its ability to sell, refinance or otherwise reduce its exposure to such investments after initially agreeing to consummate them. There can be no assurance in such instances that a Fund will be successful in doing so or that the terms of any such transaction will be attractive. If a Fund is unable to complete such an anticipated transaction, its investments may be less diversified than they otherwise would have been and the Fund may have greater exposure to certain investments, properties, types of properties, regions and sectors than intended or desired, including to assets that would not have acquired on a stand-alone basis. In addition, to the extent that a Fund is unable to complete an anticipated transaction, it may incur broken deal and related costs associated with the pursuit of such transaction, which generally would be borne by the Fund as fund expenses.

Generally, in the case of a Fund reducing an investment involving interim bridge financing, such transaction will be completed at a price negotiated by us and the purchaser taking into account the then-relevant facts and circumstances, which may include the Fund's cost of such investment (and an allocable portion of costs and expenses) and other market events and forces. There can be no assurance that such transaction price will be equal to or more than the Fund's cost of such investment or that it necessarily or accurately reflects the then-market or fair value of such investment, all costs and expenses associated therewith, or any interest or other carrying cost that would typically be associated with such transaction. In addition, a Fund may face increased risk of inability to complete the transaction under certain market conditions, including when the investment or property has decreased in value while held by the Fund. A Fund will be required to bear the losses of such investment or property if such a transaction is not consummated or if the Fund is required to sell such portion of its investment at a reduced price to reduce the Fund's exposure to such investment.

*Liabilities Upon Disposition of Investments.* In connection with the disposition of certain types of investments or properties, a Fund may be required to make representations about the business and financial affairs of such investment typical of those made in connection with the sale of any business or property, or may be responsible for the contents of disclosure documents under applicable securities or other laws. A Fund may also be required to indemnify the purchaser of such investment to the extent that any such representations or disclosure documents are determined to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors to the extent that the investors have received prior distributions from the Fund, subject to certain limitations and restrictions in the governing documents and pursuant to applicable law.

*Multifamily Real Estate Risks.* The Funds invest or may invest in multifamily residential investments, the performance of which is subject to many of the risks associated with owning and operating other types of real estate. In addition, competition in the residential real estate marketplace is strong, and there are numerous housing alternatives that compete with multifamily properties attracting residents. A large number of factors may adversely affect the value and successful operation of a multifamily property, including: physical attributes of the apartment building; location of the property; the types of services or amenities that the property provides; the property's reputation; the level of mortgage interest rates, which may encourage tenants to purchase rather than lease housing; presence of competing properties; the tenant mix, such as the tenant population being predominantly students or being heavily dependent on workers from a particular business or personnel from a local military base; governmental programs that provide rent subsidies to tenants pursuant to tenant voucher programs, which vouchers may be used at other properties and influence tenant mobility; and adverse local or national economic conditions, which may limit the amount of rent that

may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels. If the demand for multifamily properties is reduced, or if competitors develop and/or acquire competing properties on a more cost-effective basis, income generated from Fund investments and the underlying value of such investments may be adversely affected. In addition, the relationship of an owner and its tenants is regulated by applicable national law. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees, and notification to residents of changed land use, while prohibiting unreasonable rules, retaliatory evictions, and restrictions on a resident's choice of unit vendors. For example, there may be provisions that limit the bases on which a landlord may terminate a tenancy or increase its rent or prohibit a landlord from terminating a tenancy solely by reason of the sale of the owner's building. In addition to state regulation of the landlord-tenant relationship, numerous towns and municipalities impose rent control on apartment buildings. These ordinances may limit rent increases to fixed percentages, to percentages of increases in the consumer price index, to increases set or approved by a governmental agency, or to increases determined through mediation or binding arbitration.

*Expedited Transactions.* Investment analyses and decisions by us may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to us at the time an investment decision is made may be limited, and we may not have access to detailed information regarding the investment property. Therefore, no assurance can be given that we will have knowledge of all circumstances that may adversely affect such investment and the applicable Fund.

*Hedging Risks.* A Fund from time to time manages or attempts to manage its or any investment's interest rate exposures or other exposures or risks, using hedging techniques and instruments where available and appropriate (including interest rate caps and swaps). A Fund may incur costs related to such hedging instruments and arrangements, which may be undertaken or effect in or with exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options, derivative instruments and other types of instruments. There can be no assurance that adequate or acceptable hedging arrangements or instruments or techniques will be available on an economically or commercially viable basis or that such hedging arrangements or techniques will achieve the desired effect, and in some cases hedging instruments and arrangements may result in losses that are greater than if hedging instruments or techniques had not been used.

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

Certain hedging instruments or arrangements may create for us an obligation to register with the CFTC or other regulatory authority or comply with or qualify for one or more applicable exemptions or exclusions from such registration. Losses may result to the extent that the CFTC or another applicable regulatory authority imposes position limits or other regulatory or legal requirements on such hedging arrangements, including under circumstances where the ability of a Fund or an investment to hedge its expenses or risks becomes limited by such requirements. In particular, a Fund's ability to hedge may be constrained or limited by the requirements of CFTC Rule 4.13(a)(3) or another applicable exemption, which imposes certain limitations on an investment vehicle's ability to utilize commodity interests, including currency hedging strategies, if and to the extent we determine to rely on or qualify for the exemption from registration with the CFTC set forth in such rule.

There is no perfect hedge for any investment or risk or exposure, and a hedge may not perform its intended purpose of offsetting losses on an investment and, in certain circumstances, could increase such losses. There can be no assurance that techniques used in hedging strategies will always be available, that a Fund will engage in these techniques when available, or that the hedging strategies will be successful in limiting any applicable risks.

*Cash or Cash Equivalents.* The Funds hold cash and cash equivalents at any given time during the term thereof. Available cash and cash equivalents generally will be held in bank accounts at third party financial institutions (which may not bear interest or generate income). A Fund's access to its invested cash and cash equivalents may be impacted by adverse conditions in the financial markets. Cash balances in operating accounts could be impacted if the underlying financial institutions fail or other adverse conditions in the financial markets occur.

*Property Tax Increases.* Properties are typically subject to real and personal property taxes that increase as property tax rates change or as values increase and as the facilities are assessed or reassessed by taxing authorities. Leases can provide that the property taxes are charged to tenants as an expense related to the facilities that they occupy. As the

owner of the facilities, however, the respective Fund is ultimately responsible for payment of the taxes to the government. If property taxes increase, tenants may be unable to make the required tax payments, ultimately requiring the respective Fund to pay the taxes.

*Reduction in Funds Available for Future Acquisitions.* All real estate properties that the Funds directly or indirectly invest in are subject to various operating risks common to real estate in general, any or all of which may negatively impact or affect a Fund or any of its investments. If a property is not occupied or fully occupied or if rents are being paid in an amount that is insufficient to cover operating expenses, a Fund could be required to expend funds with respect to that property for operating expenses. Properties are subject to increased utility costs, operating expenses, insurance costs, repairs and maintenance and administrative expenses. While some properties that the Funds invest in may require tenants to pay a portion of such expenses, some may not be negotiated on that basis, in which event the respective Funds may have to pay those costs. If a Fund is unable to lease properties on a basis requiring the tenants to pay all or some of such expenses, or if tenants fail to pay required tax, utility and other impositions, such Fund could be required to pay those costs.

*Inability to Obtain Adequate Financing.* We cannot be sure that a Fund will be able to obtain lines of credit or long-term permanent financings on satisfactory terms.

*Financing to Purchasers.* In some instances, we or a Fund may sell an investment by providing financing to purchasers. If a Fund provides financing to purchasers, the Fund will bear the risk that the purchaser may default, which could result in litigation and related expenses. Even in the absence of a purchaser default, the distribution of the proceeds of sales, or their reinvestment in other assets, will be delayed until the promissory notes or other property such Fund may accept upon a sale are actually paid, sold, refinanced or otherwise disposed of.

*Leverage and Borrowing Risks.* Subject to certain limitations contained in the applicable governing documents of each Fund, a Fund may incur or assume indebtedness for temporary and extended periods of time to leverage its investments with the purpose of acquiring, developing and providing indebtedness with respect to such investments. A Fund may leverage its investments with customary recourse or non-recourse financing, subject to customary non-recourse carve-outs. A Fund may also obtain recourse or limited recourse debt financing and provide, or have a subsidiary provide, guarantees for such carve-outs. Although the use of leverage may enhance returns and increase the number of investments that can be made, it may also substantially increase the risk of loss. In addition, the terms of financing for development activities generally include floating interest rates without a cap. Furthermore, use of leverage (including at floating interest rates) on any particular investment will increase the exposure of such investment to adverse economic factors such as rising interest rates, severe economic downturns or deterioration in the condition of the investment or its market, and can impact the feasibility and/or returns in respect of any disposition as a result of applicable pre-payment penalties. This could impair such investment's ability to finance its future operations and capital needs and result in restrictive financial and operative covenants. As a result, such investment's flexibility to respond to changing business and economic conditions may be limited. In the event an investment is unable to generate sufficient cash flow to meet its principal and interest payments on its indebtedness, the value of the Fund's equity investment in such investment could be significantly reduced or even eliminated.

Further, an adverse economic change could result in some lenders imposing more stringent restrictions on the terms of credit or a general reduction in the amount of credit available in the markets in which a Fund seeks to invest. Any negative impact from the tightening of, or adverse changes in, the credit markets may result in: (A) an inability to finance the acquisition of investments on favorable terms, if at all; (B) increased financing costs; or (C) financing with increasingly restrictive covenants. Such changes in turn may negatively impact the performance of the investments. To the extent there is a lack of readily available and reasonably priced debt financing available to potential purchasers at the time a Fund is ready to dispose of an investment, such circumstances could materially and negatively affect the number of potential purchasers and the prices purchasers are willing to pay the Fund.

*Use of Subscription Lines and Credit Facilities.* A Fund may enter into a credit facility with one or more lenders in order to, among other things, finance the acquisition of investments. Any such subscription line credit facility will contain a number of common covenants that, among other things, might restrict the ability of a Fund and any subsidiary, if applicable, to: (i) acquire or dispose of assets or businesses; (ii) incur additional indebtedness; (iii) make cash distributions; (iv) create liens on assets; (v) enter into leases, investments or acquisitions; (vi) engage in mergers or consolidations; (vii) make capital calls to the investors; (viii) amend its governing documents, or (ix) engage in certain transactions with affiliates, and otherwise restrict activities of the Fund (including its ability to acquire additional investments, businesses or assets, or effect certain changes of control or asset sale transactions) without the consent of the applicable lenders. In addition, such a subscription line credit facility may require a Fund to maintain

specified financial ratios and comply with tests, including minimum interest coverage ratios, maximum leverage ratios, minimum net worth and minimum equity capitalization requirements. A Fund may incur indebtedness under such credit facility that bears interest at a variable rate. Economic conditions could result in higher interest rates, which could increase debt service requirements on variable rate debt and could reduce the amount of cash available for various Fund purposes.

It is expected that this indebtedness, if and to the extent incurred, will be secured primarily by the unfunded capital commitments of investors, subject to the terms and conditions set forth in the applicable governing documents. In connection therewith, the general partner of a Fund will be authorized to grant a security interest in the right to initiate capital calls and collect the unfunded capital commitments. In addition, investors may be required to confirm the terms of their capital commitments, provide financial information and execute other documents as may be required by debt providers to the Fund. Investors whose unfunded commitments have been pledged may be called upon to fund their entire unfunded commitments to repay indebtedness and the failure of other investors to honor their commitments may result in an investor's payments exceeding its *pro rata* share of the indebtedness that has been incurred by the Fund. An investor may also be required to fund amounts to repay subscription-based credit facility borrowings incurred in connection with an investment even if such investor did not participate in the relevant investment in connection with which such borrowings were incurred. In addition, the extent to which a Fund incurs borrowings may have certain consequences to the investors, including, but not limited to (a) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions or other purposes; or (b) increased interest expense if interest rate levels were to increase.

In the event a Fund incurs indebtedness, the preferred return accruing in respect of investors will be less than otherwise would have been the case in the absence of such indebtedness. As a result, we may be entitled (x) to receive incentive distributions earlier than we otherwise would have and (y) in certain circumstances, to receive incentive distributions in amounts greater than we otherwise would have, in each case, had the Fund not incurred such indebtedness and, instead, had required the investors to contribute capital to fund such investments.

*Cross Collateralization.* Because a Fund and its subsidiaries may engage in portfolio financings and financing acquisitions where several investments are cross-collateralized, multiple investments may be subject to the risk of loss. As a result, a Fund or a subsidiary could lose its interests in performing investments in the event such investments are cross-collateralized with poorly performing or non-performing investments.

*Guarantees.* Subject to the terms and conditions set forth in the applicable governing documents, a Fund or one or more of its subsidiaries may guarantee the obligations or other liabilities of investments or properties or provide letters of credit or other credit support to facilitate investments, including, without limitation, cost and/or completion guarantees given to banks for development purposes, and there can be no assurance that such guarantees or letters of credit will not have adverse consequences for the Fund. As a result, if any such investment defaults on its obligations, the Fund may be required to satisfy such obligation, in which case the Fund may make a larger investment in such investment than initially expected (subject to the terms and conditions set forth in the applicable governing documents). In order to do so, a Fund may call capital, recall distributions or liquidate some or all of the investments prematurely at potentially significant discounts to fair value.

*Investment Company Act Considerations.* It is intended that all or most of the Funds will rely on and qualify for certain exemptions and exclusions from the registration requirements of the Company Act, other than or in addition to Section 3(c)(1) and/or Section 3(c)(7) thereof. These are expected to include the exclusions from the definition of investment company set forth in Sections 3(c)(5)(C) and Section 3(c)(6) of the Company Act. For example, to qualify for the exclusion set forth in 3(c)(5)(C) of the Company Act, the Funds (on a Fund by Fund basis) generally will be required to hold at least (i) 55% of their assets in "qualifying" real estate assets and (ii) at least 80% of their assets in "qualifying" real estate assets and real estate-related assets. As a consequence of the Funds seeking to comply with such tests on an ongoing basis, the Funds may be restricted (or we may be incentivized to restrict the Funds) from making certain investments or we may be required to structure investments in a manner that would be less advantageous to the Funds than would be the case in the absence of such requirements. In addition, seeking to be in compliance with such tests may cause the Funds to dispose or not dispose of investments at different times than it would otherwise, which could result in lower proceeds to the Funds than it would have received if it were not seeking to comply with such requirements.

*Climate Change.* Ongoing changes to the climatic conditions in which clients operate and invest may have an adverse impact on the Funds and their investments. While the precise future effects of climate change are unknown, it is possible that changes in weather patterns or extreme weather (such as floods, hurricanes and other storms) would,

among other adverse impacts, damage Fund investments or their assets. These changes, in addition to changes affecting precipitation levels, hydrology, annual sunshine, and/or wind levels, could influence power generation levels. Reductions in precipitation levels, wind or sunlight could cause material and adverse impacts on the Funds, for example, by affecting the revenues and cash flows of their investments. If such reductions are significant, certain investments could be rendered inoperable. Significant increases in precipitation levels or wind could cause damage to Fund investments or also create periods in which their investments are inoperable. Further, rising sea levels could, in the future, affect the value of Fund investments in low-lying coastal real assets or result in the imposition of new property taxes or increase property-related insurance rates. Climate change may also give rise to changes in regulations and consumer sentiment that could have a negative impact on the operations of the Funds by increasing operating costs of certain investments or restricting or decreasing demand for the activities of certain investments, among other effects. The adverse effects of climate change and related regulation at provincial or state, federal and international levels could have a material adverse effect on the business, financial position, results of operations or cash flows of the Funds.

*Litigation Risks.* The Funds' investment activities may subject them or their affiliates to the risks of becoming involved in litigation with third parties. The expense of defending against claims against the Funds or their real estate assets or investments, as applicable, by third parties and the payment of any amounts pursuant to settlements or judgments would be borne by such Funds and/or their investments, reduce distributions and could require the Funds and/or investors in the Funds to return distributed capital and earnings to the Funds. We and the general partners of the Funds and our principal, employees and affiliates generally will be indemnified by the Funds in connection with any such litigation, subject to certain conditions.

*Insurance Risks.* We typically maintain or expect or intend to maintain comprehensive insurance on real estate properties, including physical loss or damage, business interruption and public liability in amounts sufficient to permit replacement in the event of total loss, subject to applicable deductibles. We typically endeavor to obtain coverage of the type and in the amount customarily obtained by owners of properties similar to Fund real estate properties. There are certain types of losses, however, generally of a catastrophic nature, such as earthquakes, floods, hurricanes and terrorism that may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents, encumbering properties that have been pledged as collateral for loans, and other factors might make it economically impractical to use insurance proceeds to replace a property if it is damaged or destroyed. Under such circumstances the insurance proceeds received by a Fund, if any, might not be adequate to restore such Fund's investment with respect to the affected property. There is no assurance that any type of insurance will be or remain available, or that any such insurance will be available on commercially reasonable terms.

*Counterparty Risks.* The Funds are subject to the risk of the inability of counterparties to perform with respect to transactions, whether due to insolvency, bankruptcy or other causes, which could subject the Funds or any investments to substantial or material losses or liabilities. In an attempt to mitigate such risks, we typically attempt to deal or transact with counterparties that we believe to be established, well-capitalized and creditworthy, but there can be no assurance in this regard.

*Defaulting Investors.* The governing documents of the Funds provide for significant adverse consequences and penalties in the event an investor defaults on its capital commitment or any other payment obligation, as determined by the general partner of the applicable Fund in its discretion. In addition to losing its right to potential distributions from a Fund, a defaulting investor may be forced to transfer its interest in a Fund for an amount that is less than the fair market value of such interest and that may be paid over a certain period of time, without interest or via a promissory note. A defaulting investor or an investor who fails to contribute or pay any amounts to a Fund when due may be subject to various other adverse actions and consequences, as described in the applicable governing documents of each Fund. Whether and how to exercise the general partner's or a Fund's remedies against a defaulting investor will be in the sole discretion of the general partner, and the general partner may require the non-defaulting investors to contribute capital to make up for the shortfall created by such defaulting investor.

*Tax Risks and Payment of Taxes.* There are a number of tax risks associated with investments in the Funds and the Funds' investments. In particular, investors in such Funds are taxed or subject to tax annually on the Funds' income and realized gains, if any, whether or not they receive any distributions from such Funds. The Funds may not make regular cash distributions to investors, and investors generally will have no right to voluntarily withdraw from such Funds. Accordingly, it is possible that investors will bear income tax liabilities with respect to their interests in a Fund without receiving any distributions to defray such tax liabilities.

*Potential Changes in U.S. Tax Laws.* Changes in U.S. tax laws or legislation, as well as possible future U.S. tax legislation and administrative guidance, could materially affect the tax consequences or implications or effects of the Funds, their investments and their investors (including an investor's investment in the Funds, and the tax treatment of the Funds' investments). While some of these changes may be beneficial, others could negatively or adversely affect the after-tax returns of the Funds and investors. Accordingly, no assurance can be given that the currently anticipated tax treatment of an investment or property (including any investment in a Fund), or investments made by the Funds, will not be modified by legislative, judicial or administrative changes or guidance, possibly with retroactive effect, to the detriment of the Funds and their investors.

*Delayed Tax Information.* A Fund may not be able to provide final Schedules K-1 to investors for any given fiscal year until after the initial filing deadlines for tax returns. Final Schedules K-1 may not be available until completion of a Fund's annual audit. Investors should plan to obtain extensions of the filing date for their income tax returns at the federal, state and local level.

*U.S. Taxation of Carried Interest.* U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset which generated such gain for more than three years. This could reduce the after-tax returns of individuals associated with the Funds, CONTI Capital and their affiliates who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for us and our affiliates to incentivize, attract and retain individuals to perform services for the Funds. This could also create an incentive for our personnel to cause Funds to hold investments for a longer period than would be the case if such three-year holding period requirement did not exist.

*Investor Due Diligence Information.* The general partner of a Fund typically makes available, prior to the closing of the offering of interests in such Fund, to each prospective investor the opportunity to ask questions of, and receive responses from, a representative of the general partner concerning the terms and conditions of the offering and to obtain any additional information, if the general partner possesses such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information set forth in the offering documents. Due to the fact that different potential investors may ask different questions and request different information, the general partner of a Fund may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors. None of the responses or additional information provided is or will be made available to all investors, and no prospective investor may rely on any such responses or information in making its decision to subscribe for interests in a Fund.

*Conflicts of Interest.* Various actual and potential conflicts of interest exist (and/or may exist or be applicable) between or among the Funds, us, the general partners of the Funds, key executives, the members of the investment committee, their respective employees, agents, and affiliates, including, without limitation, actual and potential conflicts of interest related to fees, portfolio composition and valuation, affiliated service providers, principal and cross transactions, expense allocation, related party or conflicted transactions, treatment of other investors, limitation of liability, indemnification, allocation of investment opportunities among one or more Funds, outside business activities and personal trading. In addition, we may in the future provide investment management services to additional or new clients, and may face various actual and potential conflicts of interest relating thereto. Investors in the Funds ultimately are heavily dependent upon our good faith. During a Fund's term, many different types of conflicts of interest may arise and all such conflicts are not identified or disclosed herein.

*Limited Diversification.* Each Fund generally intends to make a limited number of investments. A consequence of a limited number of investments or of similar investments is that the aggregate returns realized by the investors in the Funds may be substantially adversely affected by the unfavorable performance of a small number of these investments. Although we may seek to broaden or appropriately diversify a Fund's investment portfolio, a Fund typically does not have any fixed guidelines for diversification and the Funds typically are not limited in the percentage of their capital that they may invest in any investment or type or class of investments, and as a result may invest all or a substantial portion of their assets in a particular type or category of investment(s). Various factors, including prevailing market conditions, may inhibit our efforts to create a broad investment portfolio. As a result, the Funds' investments may be concentrated in relatively few properties, types of properties, industries and regions.

*Real Estate Loans.* If and to the extent a Fund invests in loans secured directly or indirectly by real estate, such Fund will face risks with respect to such investments that are typical of real estate related loans, including, without limitation, (i) fluctuation in interest rates, (ii) fluctuation in the value of the underlying real estate that serves as

collateral for any such loan, (iii) failure by a borrower to repay loans or interest on loans, and (iv) changes in tax, financing, environmental and other laws affecting real estate.

*Risks Associated with Mezzanine Loans.* Certain Funds make or invest in mezzanine loans secured by ownership interests in entities owning commercial properties (“**Mezzanine Loans**”). Mezzanine Loans typically are subordinate to other debt obligations of the borrower, and therefore have more risk of loss than senior debt. Mezzanine Loans may include loans secured by one or more direct or indirect ownership interests in a company, partnership or other entity owning, operating or controlling, directly or through subsidiaries or affiliates one or more commercial properties. Although not secured by the underlying real estate, repayment of a Mezzanine Loan is dependent on the successful operation of the underlying commercial properties. It is expected that the commercial properties owned by such entities are or will be subject to existing mortgage loans and other indebtedness. As a result, the effective realization on the collateral securing a Mezzanine Loan in the event of default may be limited.

Mezzanine Loans may also involve certain additional considerations and risks. For example, the terms of Mezzanine Loans may restrict transfer of the interests securing such loans (including an involuntary transfer upon foreclosure) or may require the consent of the senior lender or other members or partners of or equity holders in the related real estate company, or may otherwise prohibit a change of control of the related real estate company. These and other limitations on realization on the collateral securing a Mezzanine Loan or the practical limitations on the availability and effectiveness of such a remedy may affect the likelihood of repayment in the event of a default.

A Fund may also invest in mezzanine debt interests in real estate companies and properties whose capital structures may have significant leverage ranking ahead of the investments. While we anticipate that the investments will usually benefit from the same or similar financial covenants and other covenants as those enjoyed by the leverage ranking ahead of the investments and will usually benefit from cross-default provisions, some or all of such terms may not apply to particular investments. We anticipate that a Fund’s usual security for its investments will be pledges of ownership interests, directly and/or indirectly, in a property-owning entity, and in many such cases such Fund may not have a mortgage or other direct security interest in the underlying real estate assets. Moreover, it is likely that a Fund will be restricted in the exercise of its rights in respect of certain of such investments by the terms of subordination agreements between such Fund and the debt ranking ahead of the mezzanine capital. Accordingly, a Fund may not be able to take the steps necessary to protect such investments in a timely manner or at all and there can be no assurance that the rate of return objectives of such Fund or any particular investment will be achieved. To protect its original investments and to gain greater control over the underlying assets, a Fund may need to elect to purchase interests of senior creditors or take equity interests in the underlying assets, which may require additional investment by such Fund.

*Investments Involving Multiple Properties.* Investments involving multi-property acquisitions are often more complex and expensive than single property acquisitions, and may place additional demands on us and our affiliates. Where multiple properties are acquired as a group, a Fund may be required to purchase all properties as a package rather than declining the properties it does not want. If a Fund is required to purchase one or more properties that it does not wish to acquire as part of a multi-property transaction, it may not be able to identify a buyer to acquire such properties, and thus may be required to operate or attempt to dispose of those properties. A Fund may also be required to accumulate a large amount of cash to fund such acquisitions. Because of the foregoing, acquiring multiple properties in a single transaction may reduce the overall yield on a Fund’s portfolio.

*Eminent Domain Risks.* Municipalities and other government subdivisions may, in certain circumstances, seek to acquire certain assets of the Funds through eminent domain proceedings. While a Fund may seek to contest these proceedings, which may be costly and may divert the attention of management from the operation of the Fund, there can be no assurance that a municipality or other government subdivision will not succeed in acquiring assets of the Fund. In such event, there is a risk that the Fund will not receive adequate compensation for the assets acquired, or that the Fund will not be able to recover all charges associated with divesting such assets.

*Service Providers and Joint Ventures.* We, the Funds, the general partners of the Funds and our employees and personnel (and the employees and personnel of our affiliates) engage or retain, or cause the companies or properties in which a Fund makes investments to engage, retain or otherwise transact with, service providers and joint venture partners in connection with the operations, activities and business of a Fund or one or more of its investments or entities. Certain service providers, joint venture partners or their affiliates (including lenders, bankers, investment and commercial banking firms, introducers, brokers, attorneys and accountants) also provide services to, serve as joint venture partners of or have business, financial, personal or other relationships or arrangements with, other Funds, investors, certain of our senior employees and/or certain of their respective affiliates. In addition, one or more of a

Fund's or non-advisory client's (or our) service providers or joint venture partners may be investors in another Fund or non-advisory client and/or sources of investment opportunities for one or more Funds, clients, non-advisory clients and other persons or entities. Certain of our employees and our affiliates have or may have ownership or financial or other interests in certain service providers and/or joint venture partners to a Fund or client. These and other factors may influence us and our affiliates in determining whether or not to select or engage or recommend such a service provider or joint venture partner for a Fund or any investment or property directly or indirectly owned by a Fund. Notwithstanding the foregoing, investment transactions for a Fund that require the use of one or more service providers generally will be allocated to service providers on the basis of our judgment as to best execution, the evaluation of which may include, among other considerations, such service provider's provision of certain investment-related services and research that we believe to be of benefit to such Fund.

In certain circumstances, service providers or their affiliates may charge different rates or have different arrangements for services provided to us, the general partners or their affiliates as compared to service provided to the Funds and their investments, which may result in more favorable rates or arrangements than those payable by the Funds or portfolio investments or properties.

As disclosed herein, the investment activities and operations of other Funds, non-advisory clients, ventures, vehicles, entities or accounts managed or sponsored or advised by us or an affiliate (and the activities, duties and obligations of us and our personnel with respect to such other clients, ventures, vehicles, entities, persons or accounts), and their assets, investments and properties (including any assets owned directly or indirectly thereby) may from time to time conflict or compete with the activities and operations of a Fund (or one or more investments, assets, properties or securities owned directly or indirectly by such Fund). For example, a real estate property owned by a joint venture or other non-advisory client may be located in the same market, sub-market or geographical region or area as properties or assets owned by one or more of the Funds. Accounts or other ventures or vehicles managed or sponsored by us or our affiliates, and such investments, assets and properties, may compete with one another for tenants. The actions taken by us or our affiliates with respect to one client, venture, vehicle, account or entity (including non-advisory clients), or a property, asset or investment owned directly or indirectly thereby, may have a material adverse effect on the properties, assets or investments directly or indirectly owned or held by one or more other clients, ventures or vehicles (including non-advisory clients).

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS THAT ARE OR MAY BE ASSOCIATED WITH ANY FUND'S OR OUR INVESTMENT STRATEGIES OR AN INVESTMENT IN THE FUNDS. PROSPECTIVE INVESTORS IN A FUND SHOULD REFER TO, AND ARE ENCOURAGED TO CAREFULLY REVIEW, THE RISK FACTORS AND DISCLOSURES SET FORTH IN THE APPLICABLE OFFERING DOCUMENTS OF SUCH FUND FOR DETAILED INFORMATION AND DISCLOSURES REGARDING THE APPLICABLE MATERIAL RISKS.**

**Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to our Client's or prospective client's evaluation of our Firm or of the integrity of our management.

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

### **AFFILIATED GENERAL PARTNERS AND ADVISORY AFFILIATES**

As mentioned in Item 4 above, certain of our affiliates serve as general partner, managing member or investment manager (collectively, “advisory affiliates”) with respect to one or more of the Funds and may from time to time perform and/or provide investment advisory, management and other services with respect to one or more of the Funds. While we and such applicable advisory affiliates are organized as separate legal entities, we collectively conduct a single advisory business. Accordingly, the advisory affiliates, such as the general partners of the Funds, rely on our investment adviser registration instead of separately registering as investment advisers with the SEC under the Advisers Act. As a result, we monitor, supervise, oversee and control any and all investment advisory services provided by such advisory affiliates and any persons acting on their behalf with respect to the Funds. Each such advisory affiliate, its employees and persons acting on its behalf are “persons associated with” and “supervised persons” (as each term is defined in the Advisers Act) of CONTI Capital with respect to all investment advisory services provided thereby, the investment advisory services of each such advisory affiliate, its employees and persons acting on its behalf are subject to our supervision and control, any advisory services or activities of each such advisory affiliate are subject to the Advisers Act and the rules and regulations thereunder, and the activities and books and records of each such advisory affiliate are subject to inspection and examination by the SEC. Each advisory affiliate is subject to our compliance policies and procedures and, except as the context otherwise requires, any reference in this brochure to “we,” “us,” “our” includes CONTI Capital and each applicable advisory affiliate with respect to the Funds.

### **OTHER ACTIVITIES OF PRINCIPALS, OFFICERS AND AFFILIATES**

Certain of our personnel, employees and agents and related persons are subject to a variety of conflicts of interest relating to their responsibilities, duties, obligations and services to clients, other vehicles, accounts, entities, ventures and/or programs managed or sponsored by us and our affiliates and their respective investments, and their outside personal or business activities, including as members of investment or advisory committees or boards of directors of or advisors to investment funds, entities and other organizations. Such positions create a conflict if such other entities, ventures, vehicles, funds and/or accounts compete with client accounts for investment opportunities or other resources. The personnel in question may have a greater financial interest in the performance of such other entities, ventures, vehicles, funds or accounts than the performance of a Fund or other client. This involvement may create conflicts of interest in making or recommending investments on behalf of a Fund and such other entities, funds, accounts, vehicles or ventures. Although we generally seek to minimize or otherwise mitigate the impact of any such material conflicts, there can be no assurance that any such conflicts will be (or will be able to be) resolved or mitigated or addressed in a manner that is favorable for or to a Fund.

Certain of our affiliates and related persons (including limited partnerships, limited liability companies, family offices, family entities, trusts and other entities and investment vehicles) are engaged and may be engaged in non-securities related investment activities and/or other matters that do not involve investment advisory services, including investments in real estate or other non-securities related investments (either directly or through wholly owned or controlled subsidiaries). In addition, certain of our affiliates manage, operate, sponsor and/or control various investment vehicles and other entities that are owned exclusively by our related persons and affiliates and do not otherwise have any third-party investors. The activities of these investment vehicles generally are separate from our investment advisory services and activities.

In addition, there may be conflicts between an investment made by a Fund and an investment entity of any other fund, vehicle or account managed or sponsored by us or an affiliate or any other affiliated funds or accounts or non-advisory clients. For example, an investment entity of a Fund, non-advisory client or other entity or vehicle or venture managed, sponsored, controlled or operated by us or our affiliates may be a competitor of, or otherwise compete with, one or more of another Fund’s or client’s investment entities.

Additionally, certain employees and personnel of us and our affiliates have or may have family members, spouses, or relatives that are actively involved in industries, markets, sectors and other areas in which our clients and other vehicles invest or have business, personal, financial or other relationships or interests with companies in such industries and sectors (including the advisors and service providers described herein) or other industries, which may give rise to potential or actual conflicts of interest. For example, such family members or relatives might be officers, directors,

personnel or owners of companies, entities or assets which are actual or potential investments of our clients or accounts or other counterparties of our clients and their investments or assets. Moreover, in certain instances, a client or an investment or property owned or held by such client can be expected to purchase or sell entities, ventures, vehicles, properties, assets or investments from or to, or otherwise transact with, companies or entities that are owned by such family members or relatives or in respect of which such family members or relatives have other involvement or interests.

## **SERVICE PROVIDERS**

We engage common service providers for ourselves as well as the Funds and other vehicles and ventures managed, advised and/or sponsored by us and our affiliates. In such circumstances, there may be a conflict of interest between us and the Funds in determining whether to engage such service providers, including the possibility that we may favor the engagement or continued engagement of such service providers if we receive a benefit from them (such as lower fees) that we would not receive absent the engagement of such service provider by one or more Funds. Further, service providers to us and our affiliates and one or more of the Funds often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required, and the time demands of the service provider. As a result, to the extent the services required by us or our affiliates differ from those required by the Funds and their investments, us and our affiliates will pay different rates and fees than those paid or borne by the Funds.

A Fund's service providers and vendors (including the administrator, accountants, attorneys, lenders, consultants and others) and their affiliates provide or may provide goods or services to, or have business, personal, financial, economic and/or other relationships or arrangements or relations with us, our principals or personnel, direct or indirect beneficial owners or employees of us or our affiliates, related persons, officers, employees, direct or indirect owners and agents of the foregoing and/or their affiliates. Such service providers and vendors (or affiliates thereof) may be investors in a Fund and/or other funds or vehicles managed or sponsored by us, sources of investment opportunities, advisory clients, prospective advisory clients or co-investors or commercial counterparties or entities or issuers in which we and our personnel have investments or relationships. Additionally, certain employees and agents of us and our affiliates have or may have family members or relatives employed by or associated with service providers and vendors. These and other relationships and facts may influence or be deemed to influence us in deciding whether or not to select or engage or recommend service providers and vendors to perform services for, and/or engage in activities with respect to, the Funds.

## **TRANSACTIONS WITH AFFILIATES**

Subject to the terms and conditions set forth in the applicable offering and governing documents, a Fund and its subsidiaries or properties (or the applicable general partner on such Fund's behalf) engage and may engage or retain various of our affiliates to perform or provide certain services or engage in certain activities in respect of or in connection with investments for which the Fund or its subsidiaries would otherwise retain or rely on or utilize third parties, including, without limitation, transaction services. Our affiliates will or may be paid or entitled to receive compensation or fees for services performed with respect to the Funds, subsidiaries of the Funds and investments, as applicable, pursuant to the terms of their engagements, irrespective of any Fund's or any investment's performance (including reimbursement of overhead and/or other expenses). To the extent an affiliate provides or performs services to a Fund, a subsidiary of the Fund or an investment, such affiliate will or may receive fees (i) at such rates or amounts specified in the applicable offering and governing documents, or (ii) such other rates or amounts deemed by us or our affiliates to be appropriate under the circumstances. While we will determine in good faith the rates for affiliate services at the time of the relevant engagement as set out above and in accordance with the offering and governing documents, there will likely be variances in the marketplace for similar services based on an array of factors that affect providers and rates for services, including, but not limited to, loss leader pricing strategies or other marketing and competitive practices, integration efficiencies, geographic market differences, and the quality of the services provided. There can be no assurances that the rate or amount charged by any affiliate for services in respect of investments will not be greater than the rate charged by certain similarly situated service providers for similar services in any given circumstance. In addition, the rate or amount charged by any affiliate for services in respect of investments at any given time following the relevant engagement may not match a then-current market rate because the market rate for the service may have increased or decreased over time. The engagement and retention of these affiliated service providers or advisors or consultants with respect to a Fund, its subsidiaries or their direct or indirect investments or in connection with any investments, and the direct or indirect compensation, fees or other amounts payable or applicable

thereto, are specifically approved and authorized by the applicable offering and governing documents and/or consented to by each investor in connection with its investment in a Fund.

It is expected that our affiliates will make a profit from the provision of such services in respect of the Funds and their investments, and such fees may be substantial, material or significant. Any fees payable to or compensation or amounts or benefits received directly or indirectly by our affiliates in respect of such services generally will not be shared with or paid to or received by the Funds and their investors and, subject to the offering and governing documents, will not reduce or result in any offset to the management or other fees payable to us (unless otherwise specifically provided in the offering and governing documents). The use of affiliated service providers by a Fund, its subsidiaries and their investments to provide or perform such services raises conflicts of interest in that we have an incentive to favor or engage or retain affiliates over more qualified or lower cost or more deserving service providers (such that our affiliates can receive the benefit of the additional fees, compensation and amounts payable with respect to such services).

In addition, we and our personnel from time to time receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds which do not reduce our management or other fees and are not otherwise shared with or payable to or received by the Funds or the investors in such Funds. Such benefits will inure exclusively to, and be retained exclusively by, our affiliates and/or the personnel receiving them, even if they are significant, material or difficult to value and even though the cost of the underlying service is borne as an expense, cost and charge by or to the Funds or their investments. For example, expenses incurred in connection with airline travel or hotel stays typically result in “miles” or “points” or credit in loyalty/status programs and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to us and our personnel (and not investors, Funds or investments) even though the cost of the underlying service typically is borne by and charged to (directly or indirectly) the Funds and their investments. Similarly, the volume of work that service providers receive from our affiliates, which include those from the Funds and their investments, results in discounts for such services that we, our affiliates and their personnel will benefit from, while the Funds and their investments will not be able to similarly benefit from certain discounts that apply to our affiliates and their personnel. The potential to receive discounts and other benefits could provide an incentive for us and our personnel to cause the Funds or their investments to enter into transactions or arrangements that would or would not have otherwise been entered into or engaged in the absence of these arrangements, discounts and benefits. Financial and other material benefits that any of our affiliates and personnel derive from such transactions and services will generally not be shared with or payable to or received by the Funds or the investors.

#### **CONTI BRAZIL**

CONTI Capital has engaged CONTI Capital Brazil LTDA., a Brazilian incorporated entity and affiliate of CONTI Capital (“**CONTI Brazil**”), to perform various investor relations functions in respect of certain investors in the Funds. Any costs, fees and expenses incurred in connection with CONTI Brazil’s services are borne and paid by CONTI Capital and not any of the Funds.

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

### **CODE OF ETHICS**

We have adopted and implemented a code of ethics which sets forth standards of business conduct for all of CONTI Capital's employees, including our supervised persons. All of CONTI Capital's employees and any other person who is subject to the Firm's supervision and control (including members of their household as applicable), must abide by CONTI Capital's Code of Ethics (the "Code") as adopted by the Firm and as required under Rule 204A-1 of the Advisers Act, and the Firm's Compliance Manual. The Code of Ethics and the Compliance Manual set forth CONTI Capital's standard of ethical conduct and ensure that the Firm fulfills its role as a fiduciary to its Clients. The Code of Ethics and the Compliance Manual cover the following topics, among others: (i) guidelines and standards for business conduct; (ii) personal trading procedures including pre-clearance; (iii) conflicts of interest; (iv) prevention of misuse of material non-public information and the circulation of rumors; and (v) other forms of market abuse and conflicts of interest that could arise from personal trading by our access persons.

Among other things, our employees are required to pre-clear certain public and private personal securities transactions, report all securities transactions on at least a quarterly basis and provide us with a summary of the securities holdings on at least an annual basis.

The Firm's insider information policy prohibits employees from purchasing or selling securities while in possession of material non-public information.

The Firm has implemented Gifts and Entertainment policies and procedures to mitigate the potential for conflicts of interest surrounding these practices. The Firm specifically monitors for any potential conflicts of interest with respect to individual instances of gifts or entertainment, to ensure that the interests of the Firm's clients are placed ahead of the interests of the Firm and its employees. Our Code also addresses outside activities, conflicts of interest, the reporting of certain gifts and business entertainment items and the pre-clearance and reporting of political contributions.

The Firm takes any violation of the Code of Ethics, Compliance Manual and any other internal Policies and Procedures seriously and will take relevant action where necessary.

Upon hiring, and on an annual basis, the Firm requires all employees to certify they have received, read, understood and are in compliance with the Code and Compliance Manual, including the personal securities trading policy.

A copy of our code of ethics will be made available to clients upon request and without charge.

### **ALLOCATION OF INVESTMENT OPPORTUNITIES**

We act as investment adviser with respect to various Funds (and may in the future act as investment adviser with respect to one or more additional pooled investment vehicles or separately managed accounts) that have or may have overlapping or similar investment objectives and strategies and may present potential for conflicts of interest with respect to such Funds. Therefore, there may be circumstances in which investment opportunities that are consistent with a Fund's investment objectives overlap with those of one or more of our other Funds and/or us and/or affiliates. As an adviser registered under the Advisers Act, we generally are required to resolve conflicts of interest on a fair and equitable basis under the circumstances. In allocating investment opportunities, we generally will take into account various factors that we deem to be relevant or appropriate in our discretion including (but not limited to) the terms of the applicable governing and offering documents, which business area or investment vehicle sourced the opportunity, the size of the investment opportunity, the various investment objectives of the different clients, the nature of the other potential acquirers, target rates of return, diversification considerations, risk profile, available capital and expected holding periods. The methodology for determining whether to allocate an investment either to a Fund or one or more other Funds or affiliates, and the factors taken into account in determining such allocation, will likely vary over time and on a case-by-case basis. Any such allocation, and any joint participation involving multiple Funds or affiliates, will be in accordance with the applicable governing and/or offering documents and applicable law.

## **CO-INVESTMENT OPPORTUNITIES**

Subject to the applicable governing and offering documents, the general partner of a Fund may from time to time in the future cause a Fund to co-invest with other entities owned or managed by us and/or our affiliates and other third-parties (including one or more investors in a Fund or their affiliates) which may have differing or conflicting interests with respect to certain decisions and actions, including the timing of expenditures, sale of assets and other matters, which may also create the possibility of an impasse in the event the applicable co-investors disagree or are otherwise unable to agree. We are not required to offer or allocate, and we have not historically offered or allocated, co-investment opportunities to any person or investor, and co-investment opportunities may be offered to any person as determined by us in our sole discretion. With respect to any investment in which co-investors directly or indirectly co-invest with or alongside a Fund, any investment expenses and costs related to such investment generally will be borne by the Fund and such co-investors in proportion to the capital invested by each in such investment or on such other basis deemed by us to be fair and equitable under the circumstances. Notwithstanding the foregoing, we may, subject to the terms of the applicable governing documents of a Fund, structure any co-investment opportunity such that the proposed co-investors do not or will not bear or pay any costs or expenses associated with proposed investments that are not consummated and, in such event, a Fund may be required to bear and pay all of such expenses.

## **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

Our employees, personnel and affiliates own or may own or hold direct or indirect interests in various Funds, and other vehicles, ventures and entities managed, sponsored and established by us and our affiliates.

Principal transactions are transactions (i) where an adviser, acting as principal for its own account, knowingly buys securities from, or sells securities to, a client and (ii) where an affiliate or controlling person of the adviser is acting in a principal capacity with clients of the adviser (*i.e.* where we or an affiliate cause a client to engage in a trade with one of our affiliates). Cross trades between Funds or other vehicles or entities may be deemed to be principal transactions if we and/or our affiliates (including direct or indirect owners and control persons) own, in the aggregate, 25% or more of either Fund or vehicle. Section 206(3) generally prohibits an investment adviser from engaging in a principal transaction unless such adviser (i) makes written disclosure to the client of the capacity in which it is acting and (ii) obtains the client's consent to the transaction. We generally will not engage in a principal transaction with respect to any Fund unless we obtain the prior approval or consent of the applicable Fund (including, for example, by consent or approval of a majority in interest of the unaffiliated investors in such Fund or the consent of the advisory committee of such Fund).

## **OTHER POTENTIAL CONFLICTS**

The legal and/or organizational, account or governing documents of a Fund, investment management agreements between us and each Fund and/or other agreements in respect of portfolio investments and assets establish complex arrangements among the parties, including between investors and the Funds. Questions may arise from time to time under these agreements regarding the parties' rights and obligations in certain situations, many of which may not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, may be broad, general, ambiguous or conflicting, and may permit more than one reasonable interpretation. At times there may not be a provision directly applicable to a situation. While we will construe the relevant agreements in good faith and in a manner consistent with our legal obligations, the interpretations adopted may not be, and need not be, the interpretations that are the most favorable to a Fund or its investors.

## Item 12: Brokerage Practices

### **BROKERAGE POLICIES**

We generally focus on making private investments in, and providing advice with respect to, direct and indirect investments in real estate properties and real estate related assets, which typically involve privately negotiated transactions between a Fund and applicable sellers or buyers. As a result, except for our credit Funds, our investment strategies generally do not involve securities transactions that require or involve the use or selection of brokers or dealers and thus we do not regularly select brokers and dealers to execute transactions for our clients.

Notwithstanding the foregoing, we may from time to time cause a Fund to acquire (and ultimately dispose of) certain types of real estate related securities including, without limitation, mortgage-backed securities, securitized products and certain real estate related bonds and notes, which involve transactions executed by brokers.

We have the discretion to select brokers and dealers to execute transactions in securities for the Funds, to the extent applicable. We are obligated by law to seek best execution of the Funds' securities transactions. In furtherance of that obligation, we seek to obtain the execution of transactions for the Funds in such a manner that the Fund's total costs or proceeds in each transaction are the most favorable under the circumstances on an overall basis (or "best execution"), taking into account such qualitative and quantitative factors affecting the execution quality of transactions that we deem to be relevant or appropriate in our discretion including, without limitation, overall price of the order, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience, capabilities and financial stability of the broker, and the quality of service rendered by the broker. As a result, although we will seek competitive commissions and spreads, we may not necessarily obtain the most competitive price/commission/spread for securities transactions. To the extent consistent with achieving best execution, we may also consider other business a particular broker or counterparty has done with us or our affiliates, such as identifying investment opportunities, performing investment banking or banking services and providing services to our affiliates and personnel. A broker providing such brokerage and research products and services will receive a commission in excess of the amount of commission another broker would have received for effecting that transaction provided we determine in our discretion that such commission was reasonable in relation to the value of the research and brokerage products and services provided by a broker. Any such research could be broadly useful and of value to us in rendering advice to all or a material portion of the Funds or could be relevant and useful for the management of one or only a few of the Funds, regardless of whether such account or accounts paid commissions to the broker through which the research or brokerage product or service was provided. We will only make securities transactions that we in good faith believe are in the best interest of a Fund. A conflict of interest exists when a broker provides such research and brokerage products and services, however, as we will have an incentive to favor such broker over others that charge lower commissions (i.e., because the broker's provisions of products and services saves us the expense of paying for same).

### **AGGREGATION OF TRADES**

Trades may be aggregated if aggregation is believed to benefit the applicable clients and to be consistent with our duty to seek best execution. We are not obligated to aggregate client trades and there may be reasons where aggregation is not possible or practicable. In such situations, the inability to aggregate the trade could result in an increase in transaction costs for certain advisory clients.

## **Item 13: Review of Accounts**

### **REVIEWS OF ACCOUNTS**

As disclosed in this brochure, we provide investment advisory, management and other services to the Funds with respect to direct and indirect investments in real estate properties, assets and interests, and other real estate related assets.

Our principal and certain of our other executive officers generally conduct routine reviews of the Funds and their investments on at least a quarterly basis (or more frequently in certain circumstances). With respect to accounting matters, the general partners of the Funds have each engaged an independent public accounting firm to conduct annual audits of such Funds.

In monitoring the performance of the Funds' investments, we perform various levels of review. Among other items, we may consider: opportunities in the real estate market, inquiries regarding a specific asset, changes in an asset's operating environment, changes in the debt market and changes in the customer of a real estate asset.

### **ADDITIONAL REVIEWS**

We may conduct additional or more frequent reviews of investments in the event of certain material events or circumstances, including, without limitation, property casualties, dispositions, refinancings, recapitalizations, additional capital requests, material economic, political or geopolitical changes or circumstances, micro or macro economic changes or capital market events or circumstances.

### **REPORTS**

Subject to the terms and conditions set forth in the applicable offering and governing documents, we typically provide periodic performance reports, estimated valuations, tax information, financial statements and other documents to investors in the Funds (including, without limitation, audited financial statements with respect to each fiscal year of a Fund).

Certain investors have the right to obtain or are otherwise provided with certain information or reports relating to a Fund or its activities or investments. Accordingly, such investors may possess information regarding the business and affairs of a Fund that may not be known or available to other investors. As a result, certain investors may be able to take actions on the basis of such information which, in the absence of such information, other investors do not take.

All Funds generally provide information to investors to enable them to prepare tax returns in accordance with applicable laws and rules.

All reports delivered to investors are written.

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

### **THIRD-PARTY COMPENSATION**

Except as otherwise disclosed in this brochure or in the applicable offering or governing documents, we currently do not receive any economic benefit from a non-client for providing investment advice or other advisory services with respect to the Funds.

### **PLACEMENT AGENTS**

We or an affiliate have engaged, appointed and retained various third-party placement agents to act or serve as placement agent in connection with the offering of interests in certain of the Funds to prospective investors. We may in the future engage, appoint and retain one or more other placement agents or marketers in connection with the offering of interests in one or more of the Funds or other pooled investment vehicles established, sponsored and managed by us or an affiliate. As compensation for their services, such persons generally are or may be entitled to receive various types or forms of compensation or fees from us or our affiliates including, without limitation, the following: (i) a percentage of the management fees and/or performance-based compensation received by us or our affiliates in respect of referred investors, (ii) an allocation paid to us or our affiliates with respect to such investors and clients (or a portion thereof), or (iii) a flat fee, retainer payment and/or periodic retainer payments or amounts. In particular, we have entered into agreements or arrangements with certain third parties, pursuant to which we pay a portion of the management fees payable by investors in a Fund who are referred or introduced to us or such Fund by such third party.

Except as otherwise set forth in the applicable offering and governing documents, investors generally will not be charged any higher or additional fee as a result of such agreements or arrangements, but the applicable Fund generally will or may be required to pay or reimburse a placement agent for various out of pocket costs and expenses (such as travel expenses, meals, entertainment and other expenses) incurred by it in connection with its services with respect to a Fund (or such expenses or costs may alternatively be borne or paid, in whole or in part, by us or our affiliates). In every instance, all arrangements and payments of placement agent fees will be disclosed to applicable investors.

### **Item 15: Custody**

We generally are deemed to have custody over each Fund's cash and securities for purposes of Rule 206(4)-2 under the Advisers Act. To the extent required by Rule 206(4)-2 under the Advisers Act, a Fund's cash and securities are held with one or more qualified custodians either (i) in a separate account under the Fund's name, or (ii) in accounts that contain only that Fund's assets in the name of us and/or an affiliate as agent or trustee for that Fund. We and/or the general partner of such Fund generally are permitted to change the custodians in our or their discretion.

Independent public accounting firms have been engaged to conduct annual audits of each of the Funds, and, to the extent required pursuant to Rule 206(4)-2 under the Advisers Act, audited financial statements (prepared in accordance with GAAP) are provided to investors on an annual basis. We endeavor to provide such audited financial statements to investors within at least 120 days after the end of each fiscal year (or such earlier time required pursuant to the applicable offering and governing documents of a Fund or such other time period permitted by applicable law).

## **Item 16: Investment Discretion**

### **DISCRETIONARY AUTHORITY**

Subject to the terms and conditions set forth in the governing documents of each Fund, we generally have exclusive discretionary power and authority over the types of investments to be bought or sold, as well as the amount to be bought or sold, on behalf of such Fund. We select and purchase investments on behalf of each of the Funds in accordance with the terms, conditions, guidelines and limitations set forth in the applicable governing documents. We also have authority to determine or select the counterparties to be used for any Fund transactions and the negotiation of commission rates or other consideration to be paid by the Funds to such persons.

### **LIMITED POWER OF ATTORNEY**

Each investor in the Funds generally grants the general partner of such Fund a limited power of attorney to enable the general partner to take various ministerial actions with respect to the Fund on its behalf. The general partner of each Fund has the authority to act on behalf of such Fund in connection with the acquisition and disposition of investments.

### **Item 17: Voting Client Securities**

We do not exercise or have the authorization to exercise proxy voting authorization with respect to our clients. Rule 206(4)-6 under the Advisers Act requires every investment adviser who exercises voting authority with respect to client securities to adopt and implement written policies and procedures, reasonably designed to ensure that the adviser votes proxies in the best interest of its clients. Rule 206(4)-6 further requires an adviser to provide a concise summary of its proxy voting process and offer to provide copies of the complete proxy voting policy and procedures to clients upon request. Lastly, Rule 206(4)-6 requires that each adviser disclose to clients how they may obtain information on how the adviser voted their proxies.

We currently do not advise our clients with respect to any publicly traded securities. As such, we do not currently exercise voting authority on behalf of clients. In the event that we (a) have proxy voting authority with respect to our clients and (b) are called upon to exercise such proxy voting authority, our policy will be to exercise reasonable care to ensure that proxies are voted in the best interests of our clients and we will adopt procedures reasonably designed to ensure compliance with such policy.

### **Item 18: Financial Information**

We do not require or solicit the payment of management fees or other fees or compensation, six months or more in advance.

There are no financial conditions applicable to us of which we are currently aware that are reasonably likely to impair our ability to meet contractual commitments to clients.

We have not been the subject of a bankruptcy petition during the past ten years.