

Item 1 – Cover Page

FIRM BROCHURE
(PART 2A OF FORM ADV)



HVPF Manager II, LLC
200 Vesey St. 24th Fl
New York, NY 10281
www.hudsonvalleypropertygroup.com

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This Firm Brochure (this “Brochure”) provides information about the qualifications and business practices of HVPF Manager II, LLC (“HV-PF II” or the “Manager”). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer, Matt Doty, at (917) 398-4100 Ext. 115 or by email at mdoty@hvpj.com.

The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority, and references in this Brochure to HV-PF II as a “registered investment adviser” are not intended to imply a certain level of skill or training.

Additional information about HV-PF II is also available on the SEC's website at <http://www.adviserinfo.sec.gov/>.

Item 2 – Material Changes

Since the last annual update of this Brochure, dated March 24, 2022, HV-PF II has no material changes to disclose.

We encourage all recipients of this Brochure to read it carefully in its entirety.

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Item 4 – Advisory Business

HV-PF II was formed on January 15, 2020. The Manager is a Delaware limited liability company and a wholly owned and controlled subsidiary of Hudson Valley Property Group, LLC, a New York limited liability company (“HVPG”). HVPG is a vertically integrated real estate investment manager.

The Manager has an investment focus on the affordable/workforce multifamily real estate sector, with an emphasis on properties that are developed under the Section 8 and Low Income Housing Tax Credit (“LIHTC”) programs or with other related structures. Jason Bordainick (Managing Member) and Andrew Cavaluzzi (Managing Member) are the sole members of HVPG and principals (the “Principals,” and each, a “Principal”) of the Manager.

HVPG Developers, LLC, a New York limited liability company (“HVPG Developers”), is owned by the same principals of HVPG.

HVPF Manager, LLC, a Delaware limited liability company (“HV-PF Manager”) is a wholly owned and controlled subsidiary of HVPG. HV-PF Manager provides investment advisory services to Hudson Valley Preservation Fund, LLC, a Delaware limited liability company.

The Manager provides discretionary investment management services to Hudson Valley Preservation Fund II, LLC, a Delaware limited liability company (the “Fund”), which is a private fund exempt from registration under the Investment Company Act 1940 (the “Investment Company Act”), pursuant to section 3(C)-1 thereof.

In addition, the Manager provides investment advisory services to Hudson Valley PF II Feeder REIT, LLC, a Delaware Limited Liability Company, which is exempt from registration under the Investment Company Act, pursuant to section 3(C)-5 (C) thereof (the “Feeder REIT”). The Feeder REIT was formed for tax and regulatory purposes to allow investments in the Fund. The Feeder REIT’s key terms are substantially identical to the key terms of the Fund.

The Fund is a privately offered investment fund intended for sophisticated investors in accordance with the applicable limited liability company operating agreement, private placement memorandum, investment management agreement and other such agreements (“Offering Documents”). Capitalized terms not otherwise defined in this Brochure shall have the meaning ascribed to such term in the Amended and Restated Limited Liability Company Operating Agreement of the Fund, as amended, modified or supplemented from time to time (“Operating Agreement”).

The Manager owns nominal ownership interests in general partner/managing members of entities that own real estate in which the Fund invests. The Manager has these nominal interests in order to satisfy various regulatory issues, address financing needs and to control the real estate investments. Outside of providing investment management services provided to the Fund, HV-PF II offers no other advisory services.

The Fund is managed in accordance with its own objectives and is not tailored to any Fund investor (each an “Investor” or “Class A Member”) nor accepts client-imposed investment restrictions unless documented in a side letter agreement that is approved by HV-PF II and reviewed and approved by the Chief Compliance Officer from a compliance perspective. The Operating

Agreement provides that HV-PF II will form a committee consisting of five representatives chosen by HV-PF II from the Class A Members (“Class A Member Committee”). The Class A Member Committee will (i) provide various approvals and consents as required by the Operating Agreement, (ii) review and approve or disapprove, on behalf of the Class A Members, (A) transactions between the Fund or a portfolio company and HV-PF II or an affiliate of HV-PF II, (B) principal transactions (as defined in the Investment Advisers Act of 1940, as amended) to which the Fund is a party, and (C) the purchase by the Fund of an investment from, or the sale by the Fund of an investment to, an investment fund or account or other Person managed by HV-PF II or an affiliate of HV-PF II; and (iii) advice and counsel on such other Fund matters, as may be requested by HV-PF Manager II.

Investment advice is provided directly to the Fund by the Manager or an affiliate of the Manager (e.g., Managing Member) and not individually to the Class A Members.

Such Investors accept the terms of advisory services as set forth in the Fund’s Operating Agreement. The Manager has broad investment authority with respect to the Fund and, as such, Investors should consider whether the investment objectives of the Fund are in line with their individual objectives and risk tolerance prior to investment.

The Manager may establish, certain partnerships, such as co-investment vehicles (“Partnerships”) that are designed to invest in one or more specific investments alongside the Fund. To the extent that such co-investment opportunities arise, the Manager will generally offer such co-investment opportunities to all Investors in the Fund, or in another manner as permitted by the Operating Agreement, at the Manager’s sole discretion. In no event shall the Manager and its affiliates be restricted from participating in any such co-investment.

Certain side letter agreements have been (and may in the future be) entered into with certain large and strategic investors in the Fund. Such arrangements may have the effect of establishing additional rights or altering or supplementing the terms of the Operating Agreement with respect to one or more such Investors in a manner more favorable to such Investors than those applicable to other Investors.

The Manager does not participate in wrap fee programs.

As of the date of filing the Form ADV, the Manager manages approximately \$289,653,303 of Regulatory Assets Under Management on a discretionary basis. It should be noted that for the purposes of calculating Regulatory Assets Under Management and consistent with SEC guidance, the Manager included all unfunded capital commitments.

Item 5 – Fees and Compensation

The specific terms of the Manager’s fees and compensation arrangements are set forth in the Operating Agreement. The Manager generally charges an annual management fee (“Management Fee”) of up to 2% of Investor commitments during the Fund’s investment period. The Manager may, in its sole discretion, reduce, waive or calculate differently the Management Fee with respect to any Investor including, without limitation, Investors that are affiliates of the Manager.

In addition to the Management Fee, the Manager (or an affiliated entity or affiliated persons) is eligible to receive an incentive allocation as described in the Operating Agreement. Generally, Investors receive a return of their invested capital plus a preferred return prior to the distribution

of any incentive allocation paid to HV-PF II. The preferred return is generally 8% annualized effective internal rate of return on the aggregate capital contributions of the Investor. The incentive allocation is generally limited up to 30% of the cash available for distribution in excess of the Class A Members' capital contributions and preferred return and is generally subject to HV-PF II's catch-up and final clawback as discussed in the Operating Agreement. Prospective Investors should refer to the Operating Agreement for specific details on the applicable fees and incentive allocation calculation methodology.

The Manager may, in its sole discretion, reduce, waive or calculate differently carried interest with respect to any Investor including, without limitation, Investors that are affiliates of the Manager.

The Manager deducts the Management Fee from the Fund's account quarterly in advance, as further disclosed in the Fund's Operating Agreement. In the unlikely event that the Manager does not provide services for a full period, or if accounts are terminated according to the terms set out in the Fund's Operating Agreement, before the end of the relevant period, a pro-rated fee will be returned to the Fund.

The Manager's Management Fees and incentive allocation are not inclusive of all the fees and expenses that Investors may bear. Please refer to the Operating Agreement for a detailed description of the expenses payable by the Fund.

Organizational Expenses

The Fund will bear all organizational expenses including legal, accounting, tax, travel and other organizational and offering expenses solely up to an amount capped pursuant to the Fund's Operating Agreement. Any excess organizational expenses will be borne by the Manager.

Operating Expenses

In addition to the Management Fee and organizational and offering expenses, the Fund shall bear all its own operating and other expenses, including, without limitation, investment-related expenses, whether relating to investments that are consummated or unconsummated (e.g., commissions, due diligence costs, investment banking fees, sourcing or finder's fees (which may include a management fee component and/or a performance fee component), borrowing charges, custodial fees, interest expense and fees on credit facilities, consulting and other professional fees, and investment-related travel and lodging expenses), and other expenses related to the purchase, monitoring, sale, settlement, custody or transmittal of portfolio investments; research-related expenses; legal and compliance expenses; professional fees (including, without limitation, expenses of consultants, valuation Managers and other experts); the costs of organizing and maintaining, and expenses incurred by and relating to, any Fund subsidiaries, special purpose vehicles and/or alternative investment vehicles; expenses related to regulatory and compliance filings associated with the Fund and its investment activities (including, without limitation, expenses related to consulting services, software and systems in connection with such filings); the costs and expenses incurred in connection with any indebtedness of the Fund, any special purpose vehicles and/or alternative investment vehicles (including, without limitation, the costs of establishing such indebtedness and loan administration costs); accounting, audit and tax compliance and preparation expenses (including, without limitation, accounting-, audit- or tax-related computer hardware and software); fees to the auditor; costs of printing and mailing reports and notices; liability insurance and related insurance for the benefit of indemnified parties (including the Fund's pro-rata portion of any applicable insurance premiums); indemnification

expenses; bank service fees; withholding and transfer fees; taxes; extraordinary expenses; expenses of meetings; and other similar expenses related to the Fund.

Affiliate Agreements

Affiliates of the Manager may serve as the developer and/or operator of a project that the Fund makes an investment. Any fees payable to affiliates of HV-PF II under these development and operating agreements will be determined on a case-by-case basis but will be at rates no less favorable to the Fund than could be obtained from an unaffiliated service provider.

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

The Manager, or an affiliated entity or affiliated persons, is entitled to incentive distributions to the extent returns to Investors exceed certain thresholds. The calculation for these incentive distributions is calculated pursuant to the waterfall schedules described in *Item 5: Fees and Compensation* above and in the Operating Agreement. Potential conflicts are generally mitigated by restrictions on forming a new fund that would compete with a prior fund for comparable investments until the prior fund is substantially invested or has had a substantial portion of its capital commitments committed/reserved for investment.

The possibility that Manager or affiliated entities or persons may receive performance-based compensation creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such a performance-based fee. Investors are provided with clear disclosure in the Offering Documents as to how the performance-based compensation is calculated and paid, to the extent applicable. Additionally, the structure of the performance-based compensation received by the Manager or its affiliate and/or employees is intended to create an alignment of interest between the Investors and the Manager and its investment professionals with respect to the management of investments.

Additionally, the Manager's investment allocation policies are designed to ensure all funds are treated fairly and equitably in connection with investment allocations and prohibit the allocation of investments to a fund solely on the basis that Manager or an affiliate has a higher potential to earn incentive-based compensation if the investment were made by one fund versus another.

Item 7 – Types of Clients

As further described in Item 4 of this Brochure, the Manager provides investment management services to the Fund, which is a private fund investment vehicle exempt from registration under the Investment Company Act, as amended. In addition, the Manager provides investment advisory services to the Feeder REIT, which is exempt from registration under the Investment Companies Act, pursuant to section 3(C)-5(C) thereof.

Investors in the Fund may include, but are not limited to, pension plans, endowments, insurance companies, investment banks, retail banks, corporate entities, endowments and foundations, trusts, family offices (both single and multi), high net worth individuals and “knowledgeable employees”.

Admission to the Fund is not open to the general public. Each investor must meet certain eligibility provisions whereby interests are generally only offered to (i) U.S. investors who are (a) accredited investors within the meaning of Regulation D of the Securities Act of 1933, as amended; (b)

qualified clients within the meaning of Section 205-3 of the Investment Advisers Act of 1940, as amended; or (c) qualified purchasers within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended; (ii) non-U.S. investors, and (iii) “knowledgeable employees” as such term is defined in Rule 3c-5 of the Investment Company Act of 1940.

Prospective Investors should refer to the Offering Documents for information on minimum investment requirements. Typically, the Manager will require a minimum investment of \$1 million to \$10 million depending on Investor type, although the Manager maintains discretion to individually waive, increase or reduce the minimum investment required.

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

On behalf of the Fund, the Manager will seek to generate returns through targeting the acquisition of U.S. multi-family rental housing properties, typically larger than 100 units (50 units if located in a high-rent metro market), that have an affordable (i.e. affordable to low-income individuals and families) component and that either require new construction of affordable mixed-income multi-family housing facilities within the contained site or rehabilitation of existing affordable housing (each acquisition a “Project” and together “Projects”). All prospective Projects are expected to have an affordable component, whether by existing subsidy through a government program or by natural occurrence given in-place tenancy or age of the physical asset. A key component of the investment strategy is to maintain or extend each Project’s affordability and, in some cases, Projects will be redeveloped or sold through a combination of government tax credits (e.g. Federal/State Low Income Housing Credits, Federal/State Historic Tax Credits, Federal New Markets Tax Credit), tax-exempt bonds, deferred developer fees, equity, conventional and soft debt, grants, and other subsidies. There are several factors that will drive the Fund’s selection of Projects, including:

- Attractive acquisition cost basis;
- Project location in an area that has a shortage of supply of affordable housing units;
- Project location in close proximity to public transportation, retail, grocery stores, medical and health providers;
- Project location within developer-friendly communities;
- Availability of tax incentives, including payment in-lieu of tax (“PILOT”) programs;
- Potential to improve a Project’s operating income through occupancy and rent increases, expense reductions, and sustainable and energy saving upgrades;
- Potential to improve a Project’s physical condition through redevelopment or rehabilitation; and
- Sufficient market demand/viability for the Project, as verified by market studies.

Investment Process

In order to execute on its detailed investment strategy, the Fund intends to follow HVPG’s coordinated (across its investment, construction and asset management teams) and disciplined

investment process to originate, diligence, analyze, structure, close, asset manage and exit its investments. The following summarizes key aspects of HVPG's typical investment process: HV-PF II, intends to oversee the execution of the Fund's investment strategy by: (i) identifying opportunities that meet its investment objectives; (ii) conducting a rigorous, standardized underwriting and due diligence process; (iii) structuring investments with the optimal level of debt financing and co-investment equity to maximize returns while maintaining operational flexibility; (iv) implementing unique affordable housing preservation and value-add tools; and (v) managing assets on a proactive basis including structuring exit strategies best suited for the asset's overall business plan (buy and hold vs. bridge to tax credits).

Proprietary Sourcing

The Manager identifies and evaluates acquisition candidates by leveraging HVPG's proprietary database of subsidized properties as well as its extensive network of existing relationships with a variety of affordable housing owners, including:

- not-for-profit organizations such as community development organizations and faith-based groups
- for profit developers
- regional and local owners
- individual investors
- investment firms
- legacy owners
- Housing authorities
- Urban development agencies

In addition, HVPG's longstanding relationships with intermediaries, attorneys and lenders enable the Manager to generate significant additional proprietary deal flow for the Fund. In particular, HVPG's senior management's reputation and credibility, as well as their understanding of sellers' objectives and industry nuances, provide competitive advantages in sourcing and completing off-market investments.

Underwriting

HVPG's highly selective investment process starts with a deal team of two or more professionals undertaking an initial review of each investment opportunity that HVPG's investment committee, which meets weekly to discuss strategies and review investments in the pipeline, then evaluates and determines, on a preliminary basis, whether to consider it any further. For transactions that it decides to pursue, HVPG conducts rigorous due diligence by combining macroeconomic and local real estate market reviews with an in-depth review of the asset, including completing physical due diligence, preparing financial models, performing comparable project analyses, reviewing existing subsidy and regulatory agreements, verifying tenants' income qualification, identifying operational value-add opportunities such as growing ancillary income (e.g. raising parking rates, providing on-site laundry facilities, and adding storage rentals), evaluating potential for local tax incentives like PILOTs or special treatment for affordable properties, and assessing available tax

credit financing including determining factors like qualified census tracts and CRA investor markets. In addition, HVPG works closely with a network of specialists who underwrite various other potential risk factors including environmental, regulatory, structural, mechanical, legal, and title issues. The Manager's and HVPG's goal during the due diligence process is to understand all aspects of the property and market that will influence the asset during the holding period, as well as local and agency appetite to support the preservation of the project. Although HVPG relies on a number of outside service providers to assist in the due diligence process (e.g. local property management teams and state-specific consultants), it is ultimately the Manager and HVPG that evaluates the results and makes the investment decisions based on their experience and judgment.

Site Visits

In the early stages of reviewing an investment opportunity, HVPG's construction team and in-house architect review physical conditions at the site and prepare a detailed budget for a variety of hold scenarios: immediate capital needs, capital expenditure budgets for the hold period and a tax credit renovation (if applicable). HVPG's construction team, as well as its third-party contractors and energy consultants, also reviews utility costs and ensures that all rehabilitation projects have a dedicated construction budget for sustainable and energy saving upgrades to the building and that the project takes advantage of available incentives for undertaking sustainability initiatives. Additionally, HVPG evaluates the potential to add value by utilizing (or transferring) unused air rights and adding allowable density at the site.

Deal Structuring

The Manager and HVPG evaluate each investment and prudently determine the optimal level and type of debt financing and co-investment equity in order to maximize returns while maintaining operational flexibility. The Manager and HVPG believe that its extensive experience with debt capital markets and the breadth of its lending relationships will allow the Fund to access debt quickly and efficiently with favorable pricing and terms. In transactions where the Manager and HVPG expect to acquire assets in partnership with an operating and/or with one or more other reputable real estate developers ("Financial Partners"), the Fund will generally maintain control over major decisions.

Affiliate Agreements

The Manager will deploy capital to invest (or co-invest with other Investors) in portfolio companies that are formed to acquire, rehabilitate, own, finance, lease, and operate a Project (each, a "Portfolio Company" and collectively "Portfolio Companies"). Although this is not an investment criteria for the Fund, some (but not all) of the Projects may qualify for the low income housing tax credits provided for in Section 42 of the Code and/or other subsidies. In addition, on Projects that require renovation and/or have the potential for the addition of new housing units, HVPG Developers, which is owned by the same principals of HVPG, may (a) enter into a certain development agreement with a Portfolio Company and one or more other developers involved in the Project (pursuant to which the developer fees will be allocated amongst such developers in varying percentages) or (b) create with one or more Financial Partners involved in a Project a limited liability company (with variable percentage ownership by HVPG Developers) to enter into a certain development agreement with a Portfolio Company (each such limited liability company and HVPG Developers referred to herein as the "Developer Entities"). Such Developer Entities will oversee the development and construction of the Projects and perform the services and carry out the responsibilities with respect to the Projects as are set forth in the development agreements. HVPG Developers, HVPG, and HVPG Managers LLC, a New York limited liability company, are affiliates of the Manager that provide services and receive fees for certain of the Fund's real estate

investments. These entities receive fees for providing oversight, acquisition, and monitoring of certain aspects of the management and administration of Projects. Certain Financial Partners may be admitted as non-managing members or co-managing members of the Portfolio Companies and/or the Developer Entities (or create a separate limited liability company to serve as co-managing general partner or co-developer). If admitted, the Financial Partners would be responsible for certain financial guarantees required in connection with the financing and constriction/rehabilitation of the Projects. The Manager, its members, and/or HVPG Developers may also be required to provide such guarantees. For the avoidance of doubt, any fees payable to the Developer Entities will be determined on a case-by-case basis but will be at rates no less favorable to the Fund than could be obtained from other third-party service providers.

Investment Team Approval & Acquisition

Once the comprehensive due diligence process has been completed, the investment team presents its analysis, conclusions and recommendations to the investment committee. The investment team provides detailed information on the opportunity including: (i) overview of the opportunity; (ii) details of recommendations/next steps; (iii) key assumptions and range of projected returns; (iv) investment merits and risks; (v) proactive asset management strategies; and (vi) exit valuation assumptions and one or more exit strategies available. The investment committee must approve the investment before proceeding to the next stage of the process and, while all investment decisions require partner approval, senior members of the HVPG team also serve on the investment committee.

Asset Management & Exit

HVPG is comprised of a team of seasoned professionals that continuously monitors performance against established targets and manages assets on a proactive basis in order to maximize operating performance and exit values. The Manager and HVPG work with third-party onsite property managers to oversee the implementation of each asset's business plan and ensure that the property continues to take advantage of all available subsidy programs and low-income housing resources. Dedicated asset management ensures that our holdings have access to operational best practices and adhere to HUD, agency, accounting and investor compliance regulations. For each investment, HVPG conducts weekly or monthly meetings to both monitor progress and discuss new initiatives to maximize a project's value. On an annual basis, HVPG updates each project's business plan and operating pro forma based on the then prevailing market conditions. These periodic reviews inform HVPG on multiple exit alternatives for each investment, including refinancing, partial interest sales, exchanges and direct sales of single properties or a portfolio of properties.

The Fund seeks to establish multiple exit alternatives for each investment, including refinancing, partial interest sales, exchanges and direct sales of single properties or a portfolio of properties. The projected hold period of each Project is between five and seven years but could be longer or shorter based on market conditions and the exit strategy implemented. For certain conversions, where the private equity is a bridge to a tax credit sale, the hold period will be dictated by tax credit allocation but is expected to be shorter than a more traditional investment.

An investment in the Fund entails a high degree of risk and is suitable only for sophisticated investors for whom an investment in the Fund does not represent a complete investment program. An investment in the Fund requires the financial ability and willingness to accept the substantial risks and lack of liquidity inherent in such investment. Investors in the Fund must be prepared to bear such risks for an indefinite period of time. All investing involves risk of loss and the investment strategy offered by the Manager involves a risk of loss of all or part of an Investor's

own investment, which each Investor should be prepared to bear. Prospective Investors to the Fund should carefully review the applicable Offering Documents. Prospective Investors are also encouraged to consult their own legal, investment, tax, and other advisers, and the applicable Offering Documents, as to whether an investment in the Fund is appropriate for them.

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective Investors should refer to the Offering Documents and consult with their own advisers before deciding to invest in the Fund. No assurance can be made that profits will be achieved or that substantial losses will not be incurred.

There are a variety of risks of an investment in the Fund. The principal risk is that there can be no assurances that the Fund's objectives will be realized, or that the Fund will generate sufficient cash flow to be profitable or make any distribution or investment return to Investors. Many of the risk factors below explain that risk. Only prospective Investors able to lose the entirety of their investment should consider investing in the Fund.

Investment and Offering Risks

Need for additional working capital - continuation of going concern not assured

The Fund anticipates that the proceeds from the sale of the offering will provide the capital requirements to continue to implement the Fund's business plans. If the capital needs of the Fund are greater than currently anticipated, the Fund may be required to seek other financing sources. No assurance can be given that the Fund financing will be available, if required; or if available, will be available on terms and conditions satisfactory to the Fund. The Fund's continued growth is dependent upon the achievement of profitable operations in the future, of which there is no assurance. The Fund anticipates that the minimum proceeds from the offering combined with the achievement of profitable operations in the future will be sufficient to enable it to meet its current working-capital requirements. However, the Fund may be required to secure additional financing to satisfy its future working-capital requirements. There is no assurance that such financing will be available to the Fund, or if available, will be available on terms and conditions satisfactory to the Fund. There is no assurance that the Fund will be able to generate sufficient cash flow to be profitable or make any distribution or investment return to Investors.

Future Projects not identified – reliance on members of the Fund

The Fund expects that it will invest in various Projects, some of which have not been currently identified. Prospective purchasers will be relying on the Manager and HVPG to choose suitable Projects for the Fund. It is possible that the Fund and its Principals will not be able to close or complete a sufficient number of Projects to generate profitable return for the Fund and its Investors. There is uncertainty and risk of investment in the Fund because Investors will be unable to evaluate the economic merit of the Fund's investments and must depend on the ability of the Principals and the Manager with respect to the selection of the investments to be made by the Fund.

Loss of key personnel could delay or hinder the selection and development of the Projects, which could adversely impact the Fund's profitability and ability to pay any distribution or investment return to Investors

The Fund is dependent upon the contributions of the Principals whose experience would be difficult to replace if either, or both, were to die, become disabled or otherwise cease to be affiliated with the Fund or the Manager. Accordingly, the loss of services of either Principal could adversely affect the conduct of the Fund's business, which in turn could adversely affect the ability of the Fund to make any distribution or investment return to Investors. No employment agreements exist between the Fund and the Principals.

There is a highly competitive market for investment opportunities

The activity of identifying and completing attractive investments is highly competitive and involves a high degree of uncertainty. The Fund will be competing for investments with other private equity investment vehicles, as well as individuals, strategic buyers, financial institutions and other institutional investors. As a result of this substantial competition, there can be no assurance that the Fund will be able to identify and complete investments that satisfy the Fund's objectives.

Lack of diversification

The Fund's investments will be concentrated in a relatively small number of investments. In addition, if the Fund decides to invest in a few large Projects, the Fund's investment will become even more concentrated and will lack diversification. Poor performance by any one of the Projects could adversely affect the ability of the Fund to make any distribution or investment return to Investors.

Use of leverage

The Fund anticipates that the Projects will use a substantial amount of leverage. Although the use of leverage may enhance returns and diversification of the Fund's investments, it may also increase the risk of a loss of capital. A loss in the capital of the Fund could adversely affect the ability of the Fund to make any distribution or investment return to Investors.

Identifying suitable projects

There is significant competition to purchase the assets (i.e. existing affordable housing projects or raw land suitable to develop such a project) that the Fund is targeting. The Fund may be unable to identify and close a sufficient number of attractive Projects to meet the objectives of the Fund, which could adversely affect the ability of the Fund to make any distribution or investment return to Investors. There is no assurance that the Manager and HVPG will be able to identify attractive acquisition candidates or complete the acquisition of any Projects at favorable prices and upon advantageous terms and conditions, if at all.

There is no public trading market for the Fund interests, and the Fund does not expect one to develop. The transfer of Fund interests is subject to certain restrictions and risks

There is no current public market for the Fund interests and the Fund does not expect that any such public market will develop in the future. Interests in the Fund are not registered under federal or state securities laws; they cannot be resold unless they are subsequently registered under such laws or unless an exemption from registration is available. Prospective purchasers must be prepared to bear the economic risk of holding interests in the Fund for an indefinite period of time.

An increase in the Fund's or the Portfolio Companies level of indebtedness could materially adversely affect the Manager's ability to generate sufficient cash to fulfill its obligations to the Fund interests, the Manager's ability to react to changes in its business and its ability to incur additional indebtedness to fund future needs

The Fund and/or the Portfolio Companies may incur indebtedness, which debt must be paid off or serviced before any payments could be made or any distributions could flow to the Investors. It is likely that the Fund, the Manager, HVPG and their principals will be required to guarantee certain indebtedness incurred in connection with financing of any of the Projects. If the Fund and/or its Principals incur or guarantee additional indebtedness, the risks related to the level of indebtedness could be increased thus adversely impacting the ability of the Fund to make any distribution or investment return to Investors.

The Portfolio Companies, and Developer Entities are not guarantors of the rights of the Investors under the Operating Agreement and rights to receive any distribution or investment return are effectively subordinated to the indebtedness of such entities

The Portfolio Companies and Developer Entities are not guarantors of the rights of Investors under the Operating Agreement. Accordingly, in the event of a bankruptcy or insolvency of such entities, the claims of creditors of those entities would also rank senior to Investors in the Fund, to the extent of the assets of those entities. None of the Portfolio Companies, and Developer Entities has any obligation to pay any amounts due Investors or to provide the Manager with funds for the Manager's payment obligations, whether by dividends, distributions, loans or other payments, and such entities may be prohibited from making certain dividends, distributions, loans or other payments directly or indirectly to the Fund pursuant to the terms of any financing arrangements between such entities and their lenders.

There can be no assurance that Investors will receive any distributions from the Fund

Distributions to Investors are contingent on the Fund having adequate cash flow, as determined by the Manager in its sole discretion, to make such distributions after payments of debts, expenses and other Fund obligations. There can be no assurance that such objectives will be attained, and even if such objectives are attained, that the Fund would then have the funds required to make such additional distribution to the Investors.

Unfavorable changes in laws applicable to the Fund or the Manager may negatively impact the Fund's operations and its profitability

The Fund and the Portfolio Companies must comply with various legal requirements, including requirements imposed by securities laws, tax laws, zoning laws and pension laws in various jurisdictions. Should any of those laws change over the scheduled term of the Fund, the legal requirements to which the Fund or the Portfolio Companies may be subject could differ materially from current requirements. Governmental authorities could promulgate regulations that restrict or curtail certain uses of existing structures or require that such structures be renovated or altered in some fashion. Such actions, as well as increased real estate, income or transfer taxes, could increase the expenses and lower the profitability of the multifamily properties the Manager acquires. Moreover, major changes were made to tax laws enacted in the past 20 years, and more

will likely be enacted in the future. All Investors should understand that the tax consequences of an investment in the Fund are subject to change.

Projections and Other Forward-Looking Information

Forward-looking information presented in the Offering Documents, is presented in good faith, and is based upon various estimates and assumptions which the Fund believes to be reasonable. However, the Fund's actual future performance is subject to various risks and uncertainties, and other, as yet unforeseen risks and uncertainties. There can be no assurance that the Fund's actual financial performance will not vary substantially from the projected performance and other forward-looking information included in the Offering Documents.

The Fund may lack complete control over some of its investments

The Fund may co-invest in a Portfolio Company with third parties. Such investments may involve risks, including the possibility that a third party may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives. The Fund may also hold a minority or non-controlling interest in certain Portfolio Companies and, therefore, may have a limited ability to make decisions that protect its position in such Portfolio Company. In addition, the Fund may, in certain circumstances, be liable for the actions of its third party co-investors. In those circumstances in which such third parties involve a management group, such third parties may have compensation arrangements relating to such investments, including incentive compensation arrangements. Those compensation arrangements may cause members of a management group to make economic or business decisions that are different from decisions that the Fund would have made were it operating a Portfolio Company on a day-to-day basis.

Investors will have no right to participate in the management of the Fund

The Manager will have near-total control over its affairs, and Investors will be prohibited from taking part in the day-to-day management of the Fund. Accordingly, prospective Investors should not invest in the Fund unless they are willing to entrust substantially all aspects of administration and management of the Fund to the Manager and its principals.

The Manager will depend on the ability of Portfolio Companies to pay dividends and make capital distributions to the Fund

The Fund has no significant assets other than Portfolio Companies, and will depend on its Portfolio Companies for the majority of revenues. Accordingly, distributions paid to Investors will depend upon the receipt of revenue or other capital distributions from Portfolio Companies.

The Fund's interests have not been registered under the Securities Act

The Fund has not been registered under the Securities Act, and is made in reliance on the exemptions set forth in Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. Similar reliance has been placed on exemptions from securities qualification requirements under applicable state securities laws. No assurance can be given that the Fund currently qualifies or will continue to qualify under one or more of such exemptions. If,

and to the extent that, claims or suits for rescission are brought and successfully concluded for failure to register the Fund or for acts or omissions constituting offenses under the Securities Act or other applicable federal and state securities laws, the ability of the Fund to operate successfully could be jeopardized.

Enhanced scrutiny of the private equity industry could affect operations

The financial services industry generally, and the activities of private equity and alternative investment firms and their investment managers and advisers in particular, are intensively regulated under state and federal laws and regulations. Any investigation, litigation or other proceeding undertaken by state or federal regulatory agencies or private parties could necessitate the expenditure of material amounts of funds for legal and other costs and could have other materially adverse consequences for the Fund. Activities of private equity firms have also been subject to increasing regulatory scrutiny. Increased regulatory oversight of the private equity industry could expose the Fund to potential liabilities and to legal, compliance and other related expenses that could have an adverse impact on the Fund's activities, including the Fund's ability to execute its investment strategy or achieve its investment objectives. In addition, Congress has considered proposed legislation that would treat certain income allocations to service providers by entities such as the Fund (including the Carried Interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as capital gains. Enactment of any such legislation, whether during or after the initial closing of the Fund, could adversely affect the Principals and other personnel who were or may in the future be granted direct or indirect interests in the Carried Interest. This legislative change may reduce such persons' after-tax returns from the Fund and the Manager, which could make it more difficult for the Manager and its affiliates to incentivize, attract and retain individuals to perform services for the Fund.

Investors will have a limited right to withdraw from the Fund and Investors may be subject to penalties for failure to make required capital contributions

Investors will not be permitted to withdraw from the Fund, except in limited circumstances as provided in the Operating Agreement. In addition, any failure by an Investor to make a required capital contribution for any portion of an Investor's unfunded Capital Commitment may result in a substantial forfeiture of interests, as well as other penalties set forth in the Operating Agreement.

The Fund will primarily invest in illiquid and long-term investments

The Fund's investments may take several years to reach a state of maturity to where realization of those investments can be achieved. Transaction structures for the Projects typically will not provide immediate liquidity for the Fund's investments. Therefore, the Manager cannot be certain as to when profits, if any, will be realized by the Fund. The Fund may realize losses on unsuccessful investments before it realizes gains on successful investments. Although investments by the Fund may generate some current income, the return of capital and the realization of gains, if any, from an investment will generally occur only upon the partial or complete disposition of such investment. The Manager does not generally expect that this will occur until a number of years after the investment is made. In light of the foregoing, it is likely that no significant return from the disposition of the Fund's investments will occur in the near future.

The Manager will retain broad discretion in using the net proceeds from this Offering and may not use the proceeds effectively

Although the Manager generally expects to use the proceeds from the Offering to pay the Management Fee and as capital for operations and acquisition of Portfolio Companies, the Manager has not specifically designated the amount of net proceeds it will use for any particular purpose, nor can it project to do so with any reasonable certainty. Accordingly, the Manager will retain broad discretion to allocate the net proceeds of the Offering. The net proceeds may be applied in ways with which Investors may not agree. Moreover, the Manager may use the proceeds for corporate purposes that may not directly increase the value of Portfolio Companies or make profits. Until the proceeds are effectively deployed, return on equity and earnings on Fund interests may be negatively impacted. The Manager's failure to apply the proceeds effectively could have an adverse effect on its business, financial condition and results of operations.

Because the Fund will only be making a limited number of investments, the overall performance of the Fund could be adversely affected if one or more of those investments perform badly

The Fund will participate in a limited number of investments. Therefore, the aggregate return to Investors may be substantially adversely affected by the unfavorable performance of one of the Fund's investments.

The risks presented by the acquisition of multiple Portfolio Companies could adversely affect the Manager's financial condition and results of operations

Following any acquisition, the Manager will be presented with many risks that could have a materially negative impact on its financial condition and results of operations. A Portfolio Company that is acquired may have unknown or contingent liabilities that were not discovered or fully recognized in the due diligence process, thereby resulting in unanticipated losses. No assurance can be given that the Manager will not encounter difficulties after the acquisition of a Portfolio Company, such as the loss of key employees and tenants, the disruption of ongoing business or greater than expected costs. Such difficulties, may diminish the expected economic benefits acquisition of such Portfolio Company.

The Fund may incur contingent liabilities in disposing of investments

In connection with the disposition of an investment in a Portfolio Company, the Fund will be required to make representations about the business and financial affairs of such company typical of those made in connection with the sale of a business. The Portfolio Company also may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities by the Fund for which the Manager may establish reserves using escrow accounts or other means. The establishment of any such reserves will diminish the proceeds available for distribution to Investors until the Manager determines that the contingency no longer exists or no longer requires some or all of the reserve to be maintained.

Past performance of the Principals of the Manager and the property managers should not be considered as an indication of the future investment results of the Fund

While the Principals of HVPG, which is the parent company of the Manager, and day to day property managers of the Projects have significant experience in making the types of investment

which the Fund intends to make and to operate such properties, past performance of the Principals should not be considered as an indication of the future investment results of the Fund.

Failure to pay outstanding payment obligations from previous debt offerings may hinder HVPG's ability to operate the Manager and, indirectly, harm the Fund's performance.

Real Property Risks

The inherent risks associated with indirectly investing in real estate could adversely affect the Fund's investment in the Projects

The Fund's performance is dependent on the economic performance of the Portfolio Companies. The Portfolio Companies will be subject to risks inherent in the ownership of real property such as fluctuations in occupancy rates and operating expenses and variations in rental schedules, which in turn may be adversely affected by general and local economic conditions, the demand for the Projects, zoning laws, reduced costs of operating competing properties, shortages or increased costs of fuel or other energy sources, and increasing real property tax rates. Certain expenditures associated with real estate ownership (principally mortgage payments, real estate taxes, payments in lieu of taxes, and maintenance costs) are not necessarily decreased by events adversely affecting the Portfolio Companies' income from the Projects. Thus, the cost of operating the Projects may exceed the rental income earned thereon. In addition, environmental risks such as those relating to hazardous substances and unfavorable environmental legislation are typically associated with real estate investments. Generally, it is not economically feasible to obtain insurance against losses resulting from such environmental matters. As a result, the Projects may not perform at the expected economic levels, which in turn will harm the returns flowing to the Fund and to the Investors.

Compliance with governmental laws and regulations is complex and failure to comply may reduce income of the Fund

All real property and the operations conducted on real property are subject to federal, state, and local laws and regulations relating to environmental protection and human health and safety. These laws and regulations may impose joint and several liability on the Portfolio Companies for the costs to investigate or remediate the Projects, regardless of fault or whether the acts causing the contamination were legal. The presence of hazardous substances on the Projects, or the failure to properly remediate these substances, may hinder the Portfolio Companies' ability to sell or rent the Projects. Furthermore, the Portfolio Companies' compliance with new or stricter interpretations of existing laws or regulations may require it to make additional expenditures.

The insurance the Portfolio Companies purchase for the Projects might not be adequate to cover losses incurred

Although the Portfolio Companies will maintain comprehensive insurance coverage on the Projects, some catastrophic losses may be either uninsurable or not economically insurable. If a disaster occurs, the Fund could suffer a complete loss of capital invested in, and any profits or losses expected from, the Projects, which in turn could adversely affect the ability of the Fund to make any distribution or investment return to Investors. If uninsured damages to the Projects occur and the Portfolio Companies do not have adequate cash to fund repairs, the Portfolio Companies may be forced to sell the Projects at a loss or to borrow capital to fund the repairs.

The completion of the Projects could be delayed beyond the time estimated

There is a risk that the completion of the Projects could be delayed beyond the time estimated. Completion of the Projects may depend on factors both within and beyond the control of the Portfolio Companies and the Developer Entities. Such factors include, among others, the performance of subcontractors; unforeseen construction costs not covered by the construction contracts for which the Portfolio Companies are responsible; weather, strikes, and energy shortages; shortages of construction materials; inflation; environmental, zoning, title, and other legal matters; and other unknown contingencies, situations or proceedings which may arise during construction or rehabilitation.

The Fund, the Projects, the Portfolio Companies, the Developer Entities or other affiliates could be subject to litigation in connection with its business activities

The Fund, the Projects, the Portfolio Companies, the Developer Entities or other affiliates may become involved in legal proceedings, including but not limited to, proceedings related to consumer, employment, environmental, tort, breach of contract, and any other proceeding relating to the activities of the Fund, the Projects, the Portfolio Companies, the Developer Entities or other affiliates that, if decided adversely to or settled by such party, could result in liability material to the such party's financial condition, which in turn could adversely affect the ability of the Fund to make any distribution or investment return to Investors.

The recent changes to the Volcker Rule may be repealed or otherwise changed, negatively impacting the operational capacity of the Fund

The recent changes to the Volcker Rule may allow certain community banks to participate in the Fund, increasing the scope and diversity of Investors in the Fund. These changes to the Volcker Rule, however, may be repealed or otherwise changed during or after the Investment Period. Any such changes may have a negative impact on the operational capacity of the Fund and/or require that certain Investors withdraw their investment(s) in the Fund, which in turn could adversely affect the ability of the Fund to make any distribution or investment return to Investors.

Residential Properties

The Fund invests in affordable multifamily residential properties which involve particular risks. These risk factors may affect the value and successful operation of such properties, including: physical attributes of the property such as its age, condition, design, appearance, access to transportation and construction quality; location of the property; ability of management to provide adequate maintenance and insurance; the types of services or amenities that the property provides; the property's reputation; the level of mortgage interest rates, 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 local industry); and adverse local 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.

State and local regulations may affect the building owner's ability to increase rent to the level of market rents for an equivalent apartment; government assistance/rent subsidy programs; and the inventory of unsold condominium units in the local market that are being rented until economic

conditions in the condominium market improve. If any of such risk factors increase or cited conditions deteriorates in the continuing economic crisis, the Fund's investments in multifamily properties may incur losses. Besides, local, state and federal ordinances and regulation that govern the landlord-tenant relationship, some counties and/or municipalities impose rent control on apartment buildings. These ordinances may limit rent increases to fixed percentages approved by a government agency or limited to increases in the consumer price index, or encourage individuals to own rather than lease properties.

Credit Risk of Tenants

The Fund may invest in properties in which tenant leases will generate a significant portion of the Fund's revenue. As a result, the Fund is subject to the credit risk of its tenants. In particular, local economic conditions and factors affecting the industries in which the Fund's tenants operate may affect the tenants' ability to make lease payments. In the event that the Fund's tenants default on their leases and fail to make rental payments when due, there could be a significant decrease in the Fund's revenues. This loss of revenues could adversely affect the Fund's profitability and its ability to meet its financial obligations. In addition, the Fund may be unable to locate replacement tenants in a timely manner or on comparable or better terms if tenants default on their leases. These risks can be magnified in those instances where a single tenant occupies, or small numbers of tenants occupy, an entire building.

Financing Risks of the Projects

The Portfolio Companies will finance construction with mortgage indebtedness, and may make other borrowings, which may increase its business risks

The Portfolio Companies will partially fund the acquisition and development of the Projects by incurring loans secured by the Projects. The Fund anticipates that the Projects' projected cash flows will be sufficient to service the mortgage debt. If there is a shortfall in cash flow, however, then the amount available for operations and any potential distributions may be affected. In addition, incurring mortgage debt increases the risk of loss since defaults on indebtedness secured by the Projects may result in foreclosure actions initiated by lenders and the Portfolio Companies' loss of the Projects securing the loan that is in default. Such loss of the Projects could adversely affect the ability of the Fund to make any distribution or investment return to Investors.

The Portfolio Companies will receive certain financing commitments that are subject to numerous regulatory compliance conditions and if such conditions are not met, the development and construction of the Projects may not be fully funded

The Portfolio Companies will receive construction and development loan financing that is subject to compliance with numerous government regulatory conditions primarily relating to income and rent restrictions. If any financing is obtained through government programs (such as HUD-insured mortgages), there will be numerous additional conditions to be met. If the Portfolio Companies or the Projects do not satisfy any such conditions, the construction and development financing may not be fully funded, improvements might not be completed, and loans might not be made. In such case, the Fund's ability to generate cash flow could be adversely affected which in turn would adversely impact the Fund's ability to make any distribution or investment return to Investors.

Risks Associated with Banking Sector

Potential Emerging Banking Crisis

Inflation, and resulting rapid increases in interest rates, have led to a decline in the trading values of previously issued government securities with interest rates below current market interest rates. Certain financial institutions holding significant positions in these government securities have accumulated substantial unrealized losses, which has impaired or could impair the ability of such institutions to meet customer and other liquidity needs. One such financial institution was Silicon Valley Bank (“SVB”), which faced the prospect of a possible “run on the bank” as depositors became concerned about the solvency of the bank and the ability of depositors to access their funds. SVB’s position became increasingly untenable and, on March 10, 2023, regulators shut down SVB and placed it in receivership under the Federal Deposit Insurance Corporation (“FDIC”). Shortly thereafter, Signature Bank was also placed in FDIC receivership. Market concern about the SVB and Signature Bank situations, as well as the risks posed to other similar-profile banks, created the potential for a domino effect across the U.S. banking sector, which was confronting its most significant set of challenges since the 2008 financial crisis.

In an effort to stabilize this deteriorating situation, the FDIC, in conjunction with the U.S. Department of Treasury and the Federal Reserve Board, announced: (i) a program to provide financial institutions up to \$25 billion of loans secured by certain government securities held by SVB and similarly situated banks to mitigate the risk of potential losses on the sale of such government securities; and (ii) that SVB deposit accounts would be fully insured, with FDIC insurance extended beyond the existing \$250,000 FDIC insured limit. Despite these efforts, concerns about the overall financial health and stability of the U.S. banking sector remains high, with many bank stocks trading at significantly lower prices than they did before the crisis began. Further governmental intervention may be required to stabilize the U.S. banking sector in the future if additional U.S. banks, particularly larger banks, appear to be at a risk of failure; it is unclear, however, whether the government would intervene in such circumstances and, if it did, whether such governmental intervention would be sufficient to forestall a full-blown banking crisis. It is also possible that further government intervention could result in other unforeseen adverse impacts on the economy over the short or long term.

Banking Sector Risks on Fund Operations and Performance.

It is likely that, if the banking sector situation continues to deteriorate, the U.S. and/or other global economies would be adversely affected, including the possibility of recession, the duration and severity of which are difficult to predict. Among other things, a weakening in the macroeconomic situation could make it more difficult for the Fund to identify and source investments; finance and other consummate investments which are sourced or refinance existing investments; and dispose or otherwise monetize investments at attractive valuations. In addition, it is possible that the incidence of Fund investor capital call defaults may increase. The cumulative effect of the foregoing could adversely impact the value of Fund holdings and overall Fund performance.

Specific Risks Associated with Banking Relationships

None of the Manager or affiliated entities, the Fund[s] or, to the Manager’s knowledge, any Fund portfolio company or founder/senior management team members of any portfolio company currently, has any account at, is a borrower under credit facility with, or a has any other banking,

custody of other commercial relationships with, SVB, Signature or any other bank or financial institution currently in receivership.

Our primary banking relationship has been with First Republic Bank (FRB). As a precautionary measure, we moved swiftly to diversify substantially all of HVPG's cash into previously established accounts at other financial institutions. There can be no assurance, however, that any such party will not have a business relationship with another bank or other financial institution that, in the future, is placed in receivership and, as such, the specific risks identified below may apply.

Custody Risk: If a bank has custody of Fund assets and the bank goes into receivership, the receivership could adversely impact the safekeeping of those assets and the ability to retrieve and secure such assets, and the Fund may experience delayed access to deposits or other financial assets or the uninsured loss of deposits or other financial assets. To mitigate this risk, the Manager tries to select custodians with a strong balance sheet and significant capital base by conducting due diligence on financial stability including a review of the bank's financial statements, credit ratings, and any other information regarding the bank's financial health. In addition, the Manager monitors the custodian's financial health periodically by reviewing the information described above. The Manager will also, to the extent possible, diversify custodian risk by using multiple custodians to reduce the impact of a single custodian's failure.

Risk of Access to Fund Subscription Lines or Other Working Capital Facilities: If a bank provides a Fund with a so-called subscription line or other working capital facility and the bank goes into receivership, the availability of funds under that line or facility could be adversely affected, which could in turn adversely impact the Fund's ability to consummate investments or pay Fund expenses in a timely manner. The Manager believes it can mitigate this risk by doing business with banks that have strong balance sheets and, if it has concerns that a bank will not be able to fund a subscription or other working line loan, to call capital instead from its limited partners.

Limited Partner Default Risk: If a bank is a significant limited partner in a Fund and the bank goes into receivership, it may make it more likely that such limited partner will be unable to satisfy its capital call and other obligations to the Fund, which could result in the Fund not being able to consummate a potentially valuable investment and a possible breach by the Fund under its agreement to acquire such investment. In general, the Manager believes that the significant default remedies provided for in Fund constituent documents should dissuade most limited partners from defaulting on capital calls and that the overcall provisions in the Fund constituent documents allow the Funds in most instances to make up for capital shortfalls resulting from capital calls by drawing additional capital from non-defaulting limited partners.

Adviser/General Partner Risk: If the Manager, a Fund general partner or related party has a banking relationship with the bank (for example, a payroll account), the Manager's ability to manage or operate a Fund consistent with its past business practices could be negatively impacted, potentially resulting in a disruption in operations. The Manager plans on mitigating this risk by monitoring the financial condition of its banking relationships and, where appropriate and practicable, maintaining more than one banking relationship.

In addition, service providers with whom the Manager or a Fund does business may have relationships with banks that go into receivership, which could negatively impact such service

providers and, therefore, the services the Manager or the Fund receives from such service providers. The Manager will seek to mitigate this risk by periodically evaluating the risk profile of its service providers, and where appropriate, identifying in advance service providers which could be brought in quickly if an existing service provider is unable to provide critical services.

Portfolio Company Risks: Portfolio companies of a Fund typically have their own banking or other relationships with banks and other financial institutions that present many of the same risks described above. In addition, a Fund portfolio company that is unable to access a credit line because its bank is in receivership may require bridge or other temporary financing from a Fund to meet its payroll or other obligations. Such transactions may reduce the capital availability of the Fund to make other investments and may result in overall reduced returns to the Fund. Moreover, if a letter of credit or other form of credit support was being provided to a portfolio company by a bank that goes into receivership, such portfolio company may be in default of other obligations it may have requiring such letter of credit or credit support to be maintained.

The Manager intends to mitigate such risk by trying to influence its portfolio companies, wherever it has such influence, to select lending relationships with banks and other financial institutions with strong balance sheets; to monitor the financial health of its lenders on a regular basis; and to have more than one banking relationship where appropriate or practicable. In this regard it is important to note that, in certain situations (such as in non-control investments in portfolio companies or investments where there are several significant size investors in the portfolio company in addition to the Fund), the Manager may have limited or no influence on portfolio company banking decisions and, even where it has influence, portfolio management teams may make decisions regarding banking relationships which are different than the decisions the Manager would make in the same circumstances.

Founder/Other Portfolio Management Risk. Risks can arise when founders or senior management of portfolio companies have economic or personal relationships with banks in danger of failing. In such cases, their attention and focus may be diverted from their primary responsibilities towards these relationships, potentially affecting their ability to effectively manage the portfolio company and create value for the Fund as investor.

For instance, if the founder or senior management of a portfolio company has invested a significant portion of their personal wealth in a troubled bank, they may become preoccupied with monitoring the bank's financial health and taking steps to protect their investments, potentially at the expense of their duties towards the portfolio company. Similarly, if a founder or senior management has outstanding loans with a troubled bank, the founder or senior management may focus more on maintaining a good relationship with the bank to ensure that the loans are not called in, instead of prioritizing the portfolio company's operations and growth.

To mitigate this risk, the Manager will conduct thorough due diligence on the relationships between founders and senior management of the Fund's portfolio companies and any banks that may pose a conflict of interest or distraction risk. This could include reviewing personal financial disclosures and examining the terms of any loans or investments made by the senior management or founder in the troubled bank. Additionally, the Manager will work with the portfolio company management to develop clear policies and guidelines to manage any potential conflicts of interest and ensure that the senior management or founder's attention remains focused on the portfolio company's success.

The Manager will also regularly communicate with founders and the portfolio company's management to monitor any potential distractions or conflicts of interest that may arise and take appropriate actions to mitigate any risks. By being proactive and vigilant, the Manager will try to minimize the impact of any distractions or conflicts of interest on the portfolio company's operations and financial performance, and ultimately protect Fund investments.

Tax Risks

The Investors may be obligated to pay tax arising from phantom income. The Investors will be required to take into account their allocable share of the Fund's items of income, gain, loss, deduction and credit, without regard to whether they have received or will receive any distributions from the Fund. Thus, each Investor may be taxed on its distributive share of the taxable income of the Fund regardless of whether such Investor receives any actual cash distributions from the Fund. Accordingly, an Investor's tax liability for any taxable year attributable to its investment in the Fund may exceed (and perhaps to a substantial extent) the cash distributed to that Investor during the taxable year. Consequently, Investors should plan to satisfy any tax obligations arising from their investment in the Fund from sources other than distributions from the Fund.

The Fund's exit strategy with respect to some of the Projects may not be implemented as currently contemplated by the Manager. While not directly applicable to the Fund interests when the Fund acquires an interest in a Portfolio Company, it is anticipated that the Projects will use LIHTCs as an attractive exit strategy for the Fund on some of the Projects. Code Section 42 provides a tax credit to purchasers in certain low-income housing projects. This Section provides that the LIHTC is allocated by state (or in some cases local) agencies with a statewide volume cap. Pursuant to Section 42(g) of the Code, LIHTCs are available only with respect to qualified low-income housing projects. Qualified low-income housing projects are generally residential rental projects in which: (a) 20% or more of the aggregate residential rental units are occupied by individuals with incomes of 50% or less of area median income, as adjusted for family size; or (b) 40% or more of the aggregate residential rental units are occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size. This requirement, referred to as the minimum set-aside, must be met in order for any portion of the project to be eligible for the credit. The LIHTC is claimed by taxpayers owning an interest in a qualified low-income project over a ten-year period. In addition, there are rules and regulations that determine who can act as an LIHTC Equity Investor. All of the rules above may change during the time that the Fund holds an investment in a Portfolio Company. Therefore, a Project that currently qualifies to be purchased by an LIHTC Equity Investor upon the Fund's exit of its investment from such Project, may no longer qualify as such when the Fund is actually ready to exit its investment from such Portfolio Company. Any adverse changes to such rules will impair the Fund's ability to liquidate its investments on favorable terms within the hold period, which (in turn) will harm your return on investment in the Fund's interests.

Other Risks

Force Majeure

Portfolio investments may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures,

failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). These risks could, among other effects, adversely affect the cash flows available from a Portfolio Company, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost to a Portfolio Company or a Fund of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on a Portfolio Company. Certain force majeure events could have a broader negative impact on the world economy and international business activity generally, or in any of the geographical areas in which the Fund may invest specifically. Any of the foregoing may therefore adversely affect the performance of the Fund and its investments.

Cybersecurity

The Manager and its service providers are 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 or interruption from computer viruses, network failures, computer and telecommunications 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.

A cybersecurity breach could expose both the Manager, its Fund and affiliates to substantial costs (including, without limitation, 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), civil liability as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial withdrawals from the Fund. While the Manager has established a business continuity plan to seek to prevent, cybersecurity breaches, there are inherent limitations in such plans including the possibility that certain risks have not been identified. Furthermore, the Manager, the Fund and affiliates cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers to the Fund and/or the issuers in which the Fund invests.

Item 9 – Disciplinary Information

There are no pending legal, regulatory or industry proceedings against the Manager or any of its professionals.

Item 10 – Other Financial Industry Activities and Affiliations

Neither the Manager nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

HVPG has vertically integrated operations. The Manager's primary business purpose is to provide investment advisory services to the Fund. The Manager is affiliated with other companies that provide investment management services, however these companies are not registered as an

investment adviser with the United States Securities and Exchange Commission (“SEC”). HV-PF Manager is a wholly owned and controlled subsidiary of HVPG. HV-PF Manager provides investment advisory services to Hudson Valley Preservation Fund, LLC. The Manager will be responsible for all decisions regarding portfolio transactions of the Fund and has full discretion over the management of the Fund’s investment activities. The Manager devotes a substantial amount of its time and focus on the Fund until termination of the Fund’s commitment period as defined in the Operating Agreement. In addition to providing investment advisory services, the Manager has affiliated entities that provide development, construction management, and property management services to the real estate properties invested in by the Fund. HVPG Developers, HVPG, and HVPG Managers LLC, a New York limited liability company are affiliates of the Manager that provide services and receive fees for certain of the Fund’s real estate investments. These entities receive fees for providing oversight, acquisition, and monitoring of certain aspects of the management and administration of Projects. A conflict of interest arises because the Manager has the potential to benefit by using affiliated entities for such services instead of using unaffiliated third parties. The Manager will address this conflict of interest by comparing its fees against independent apartment industry surveys to assess the reasonableness of the fees charged by such related property management entities.

The Manager or its affiliates will, on occasion, on behalf of the Fund, enter into joint venture arrangements with local operators or pooled investment vehicles managed by well-known institutional third parties that sometimes act as the operating partner. In some of these arrangements, the Fund will, on occasion, co-invest with outside capital and the Manager will retain minimal management involvement. The terms of these joint ventures tend to follow market standard practices. To the extent HV-PF II or its affiliates conduct business through a third party, HV-PF II and its affiliates perform due diligence to ensure that the third parties serve the best interests of the Fund’s Investors.

Item 11 – Code of Ethics, Participation Or Interest in Client Transactions and Personal Trading

The Manager has adopted a Code of Ethics (the “Code”) designed to comply with the requirements of Rule 204A-1 of the Investment Adviser’s Act of 1940 (the “Adviser’s Act”).

The Code applies to all Manager employees, and sets forth a standard of business conduct that takes into account the Manager’s status as a fiduciary and requires employees to place the interests of the Fund and Investors above their own interests. The Code requires employees to comply with applicable federal securities laws. Further, employees are required to promptly bring violations of the Code to the attention of the Manager’s Chief Compliance Officer. All employees are provided with a copy of the Code and are required to acknowledge receipt of the Code of Ethics on at least an annual basis.

Among other requirements, the Code sets forth certain reporting and pre-clearance requirements with respect to personal trading by employees. The Manager’s employees must provide a list of personal accounts and an initial holdings report upon hire and must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1.

The Code also addresses activities that may lead to or give the appearance of conflicts of interest or prohibited or unethical business conduct. This includes provisions relating to the protection of non-public information and a prohibition on insider trading. It also includes limitations on outside

affiliations, de minimis limits on reporting gifts and business entertainment items, the reporting of political contributions, and the cited limitations and supervision of personal securities transactions and holdings in reportable securities.

The Manager will provide a copy of the Code of Ethics to upon request. Please contact the CCO at the phone number or email on the cover page of this Brochure should you have any questions concerning the Code of Ethics or wish to obtain a copy.

The Manager serves as the investment adviser to the Fund. Knowledgeable Employees may make investments in the Fund. The Manager generally does not receive compensation from such investments from such persons. Additionally, the Manager and certain of its employees have a financial interest in the Fund through an incentive allocation or a direct investment interest in the Fund. As such, the Manager could be considered to have recommended to Investors that they buy or sell securities or investments in which the Manager or a related person has some financial interest. These investments are intended to align the interests of the Manager with those of the Fund and the Investors; therefore, the Manager does not believe that these arrangements present any material conflict of interest.

Subject to applicable regulatory restrictions, Knowledgeable Employees of the Manager may choose to personally invest, directly and/or indirectly, in the Fund. Such Knowledgeable Employees will be in possession of information relating to the Fund and the portfolio not available to other Investors and prospective Investors. As a result, as part of the Code, and other compliance policies and procedures of the Manager, Knowledgeable Employees will be subject to certain restrictions concerning these investments.

Item 12 – Brokerage Practices

Best Execution

The Manager's advisory business generally involves privately negotiated transactions in real estate; brokerage arrangements and best execution obligations typical to securities exchange transactions do not apply to these types of investments.

The Manager does not intend to enter into any formal soft dollar arrangements to compensate broker-dealers for research or other benefits.

Use of Real Estate Brokers

The Manager will generally engage a real estate broker in connection with the disposition of a real estate asset held on behalf of the Fund. The Manager will select the brokerage company and the particular real estate broker that it believes will best represent the interests of the Fund. The Manager receives real estate market data research from real estate brokers, and also uses the services of those real estate brokers to buy or sell real estate investments for the Fund. The Manager generally obtains market research from real estate brokers that is available to other market participants, and does not select real estate brokers for transactions based on the research provided.

Item 13 – Review of Accounts

The Fund's investments are continually monitored and reviewed by the investment team. The Principals will be responsible for, among other things, reviewing the investments in the context of the Fund's stated objectives and monitoring for portfolio and risk management. As part of these reviews, the investment professionals monitor operations, overall performance, financial performance, and strategic direction of each investment owned by the Fund.

Investors in the Fund will receive audited financial statements on an annual basis. On a quarterly basis, Investors in the Fund also receive written Fund-level and property-level performance reports, to the extent applicable. When applicable, the Manager provides certain other reports and analyses to Investors and prospective Investors in the Fund upon request.

Item 14 – Client Referrals and Other Compensation

The Manager has entered into written selling agreements with third party placement agents to act as solicitors for the Manager's investment management business. As applicable, all such compensation will be fully disclosed to each client consistent with applicable law. All such referral activities will be conducted in accordance with SEC Rule 206(4)-1 under the Advisers Act.

Third party solicitation firms are generally compensated as a percentage of investor's capital directly raised by such third party pursuant to a schedule as described in the written selling agreement.

Item 15 – Custody

The Manager is deemed to have constructive custody of the Fund's assets by virtue of their status as investment manager of the Fund. In compliance with Rule 206(4)-2 under the Advisers Act, the Manager will: (i) establish one or more custodial accounts with unaffiliated qualified custodians to hold Fund assets and (ii) reasonably believes that all Investors in the Fund will be provided with audited financial statements for the Fund, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of the Fund's fiscal year-end.

Item 16 – Investment Discretion

The Manager has full investment discretionary authority to manage the Fund and therefore does not require, and does not seek, approval from the Fund or the Investors with respect to buy or sell investment decisions of interests held by the Fund on behalf of the Investors. The Fund is not sub-advised by either affiliated or non-affiliated investment managers.

The Fund's investment strategy is set forth in detail in the Offering Documents. Individual Investors in the Fund do not have the ability to impose limitations on Manager's discretionary authority (except as set forth in the Operating Agreement).

Prospective Investors are provided with the Offering Documents prior to their investment in the Fund and are encouraged to carefully review all offering materials and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. When applicable, prospective Investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in the Fund.

Item 17 – Voting Client Securities

The Manager invests on behalf of the Fund solely in real estate and real estate related assets. The Manager generally does not hold publicly traded securities that possess voting rights on behalf of the Fund. To the extent applicable, the Manager will submit votes in what it considers the best financial interest of the Fund and may, in certain instances, determine that abstaining from voting is in the best interest of the Fund. To the extent that a conflict of interest arises in the proxy voting process, the Manager will consult with the CCO on how to proceed as applicable. Investors cannot direct the votes of the Manager but may request information regarding votes submitted by the Manager in the past on behalf of the Fund or a copy of the Manager's proxy voting policies by sending a written request to the address on the first page of this document.

Item 18 – Financial Information

The Manager does not require prepayment of fees and is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Investors.