



Item 1: Cover Page

Form ADV Part 2A Brochure

Alterra IOS Manager, LLC

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This brochure provides information about the qualifications and business practices of Alterra IOS Manager, LLC ("Alterra IOS"). If you have any questions about the contents of this brochure, please contact us at compliance@alterraproperty.com. 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. Alterra IOS's registration with the SEC does not imply a certain level of skill and/or training.

Additional information about Alterra IOS also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This current brochure dated March 2023 has been prepared in accordance with the rules promulgated by the SEC. This is an annual amendment. There are no material changes that occurred since our last filing in December 2022.

You are encouraged to read this Brochure in its entirety.

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Item 4: Advisory Business

Alterra IOS Manager, LLC (“Alterra IOS”) is a Philadelphia-based real estate investment manager and along with its affiliates focused on investing in industrial outdoor storage (“IOS”), non-IOS industrial, residential, and mixed-use properties. Principal owners of Alterra IOS are Leo Addimando, Matt Pfeiffer, and Jeff Pustizzi. Alterra IOS is an affiliate of Alterra Property Group, LLC (“APG”). Alterra IOS and APG are collectively referred to as Alterra. The Alterra entities, together with APG’s predecessor company, 806 Capital, LLC, have been in business since 2005, with Alterra IOS becoming a registered investment adviser in 2023.

Alterra IOS manages private funds (“Clients”) and only provides investment advice related to real estate investments. As of the date of this brochure, Alterra IOS’ advisory clients are two private funds, Alterra IOS Venture II, LP and Alterra IOS Venture II Master, LP (the “Funds”). The Funds are not accepting new limited partners, but Alterra plans to open new funds in 2023. Each Fund is available for investment via a “private offering,” and is only intended only for investment by “accredited investors,” as those terms are defined under the Securities Act of 1933, as amended.

As of December 31, 2022, Alterra IOS manages \$1,070,488,063 on a discretionary basis.

Item 5: Fees and Compensation

The Funds will pay an annual Management Fee, payable quarterly in advance. The Management Fee rate will depend on the timing and size of each Limited Partner commitment (“Commitments”). Beginning on the initial closing date of the Funds and ending on the earlier of (x) last day of the investment period of the Funds, (y) the date the unfunded Commitments have been reduced to zero and (z) the date a management fee begins to accrue on a successor fund to the Funds (such earlier date, the “Management Fee Adjustment Date”), the annual Management Fee will equal 1.5% multiplied by aggregate Commitments. From the Management Fee Adjustment Date through the liquidation of the Funds, the base amount on which the Management Fee is calculated will be equal to the aggregate equity invested in unsold assets, less amounts attributed to any asset that has been fully and permanently written-off with no reasonable basis for recovery or the amount of any asset that has been written-down if such write-down has lasted for two consecutive calendar quarters without reversal, calculated as of the last business day of the prior calendar quarter.

The Management Fee will be apportioned between the Funds by their General Partners. In addition, the Management Fee is subject to discounts for certain Limited Partners as set forth in their subscription agreements or side letters. The Management Fees will be expenses of the Funds and may be paid out of the Funds’ cash flow or the General Partners may issue capital calls to the Partners to pay the Management Fees directly.

All Management Fees will be calculated on a Partner-by-Partner basis. The Management Fee will be prorated for periods that are less than full calendar quarters. The Management Fee rate set forth above shall be the rate charged to each Limited Partner unless the General Partners elect to reduce the Management Fee rate for such Limited Partner as provided in such Limited Partner’s subscription agreement or side letter.

The Funds may from time to time pay the General Partners, Alterra IOS or their affiliates for certain services in return for fees in lieu of hiring third parties (“Affiliated Fees”). Any Affiliated Fees will not offset

the Management Fee or otherwise be shared with the Funds and will be retained solely by the person or entity receiving the fee. If the General Partners, Alterra IOS or their affiliates provide services to the Funds other than those described below or at rates higher than those provided below, the Funds will disclose the terms and conditions of agreements to the limited partner advisory committee of the Funds (the “LPAC”) and may compensate such affiliated party for performing such services in accordance with the rates provided in such agreement if the LPAC has approved such rates or services. The Affiliated Fees may include:

- “Property Management Fees” – Not to exceed three percent of gross revenues.
- “Construction Management Fees” – Not to exceed five percent of the total improvement costs for managing the construction management process (inclusive of hard and soft costs, the “Total Improvement Costs”) for less than \$2 million in Total Improvements Costs and not to exceed three percent of the Total Improvement Costs for \$2 million or greater in Total Improvement Costs.
- “Development Management Fees” – Not to exceed four percent of the total hard and soft costs.
- “Leasing Fees” – Commissions on new leases not to exceed three percent of gross rental costs and commission on renewals not to exceed two percent of gross rental costs.
- “Legal Fees by Rittenhouse Law” – Not to exceed \$600 per hour (subject to rate adjustments of up to five percent per year); provided, that the Funds shall not be charged for legal services provided by Jeff Pustizzi.

In addition to the Management Fee and the Affiliated Fees, each investor in the Funds will bear its allocable share of expenses associated with the operations of the Fund(s). These expenses are outlined in the applicable offering documents, but generally include, organizational expenses, such as legal and regulatory fees related to the formation of the fund, and operating expenses, such as expenses related to sourcing, evaluating and/or acquiring new assets.

No employees of Alterra IOS receive compensation for the sale of securities or other investment products outside of their employment with Alterra IOS.

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

Alterra IOS charges performance-based fees in all funds in the form of Carried Interest.

As part of the General Partner’s participation in the investment returns of a fund, the General Partner shall be entitled to the Carried Interest. The existence of the General Partner’s Carried Interest may create an incentive for the General Partner to make riskier or more speculative investments on behalf of the Fund than would be the case in the absence of the Carried Interest. The Code currently imposes a longer holding period for holders of carried interests to benefit from lower federal tax rates applicable to long term capital gains. The longer holding period may create an incentive for the General Partner to cause the Fund to hold Assets longer than would be the case in the absence of the increased holding period for such Assets in order to increase amounts distributable to the General Partner in respect of the Carried Interest.

“Side-by-side management” refers to our simultaneous management of multiple types of client accounts/investment products. For example, we manage multiple pooled investment vehicles at the same time. Our clients may have a variety of investment objectives, policies, strategies, limitations and restrictions. Side-by-side management gives rise to a variety of potential and actual conflicts of interest for us, our employees, and our supervised persons. Below we discuss the conflicts that we and our employees and supervised persons may face when engaging in side-by-side management and how we deal with them.

Note that we manage our accounts consistent with applicable law, and we follow procedures that are reasonably designed to treat our clients fairly and equitably and to prevent any client or group of clients from being systematically favored or disadvantaged.

Conflicts of Managing Multiple Accounts

During the normal course of managing assets for multiple clients of varying types and asset levels, we encounter conflicts of interest. Management of multiple funds creates potential conflicts of interest relating to the allocation of investment opportunities. Additionally, we may manage client accounts with varying fee structures. We and our assigned investment professionals oversee the investment of various pooled investment vehicles. It is our policy that investment decisions for Client accounts are made based on a consideration of respective investment objectives and policies and that opportunities are fairly allocated among Clients. Investment decisions including the acquisition and disposition of property investments and allocation to client accounts are controlled by our Investment Committee. We have no obligation to purchase or sell for a Client any security or other property which we purchase or sell for the account of any other Client. There is an exception if the general partner of a Client determines that an investment is too large for a Client but determines the investment to be otherwise attractive to the Client. In this case, certain limited partners and Alterra IOS affiliates are granted to the right to co-invest with the Client in accordance with the governing documents for the Client. The governing documents of the Client specify the procedure by which certain limited partners are entitled to participate in the co-investment.

In addition, any future pooled investment fund that is a successor entity to the Funds will only begin making investments upon the earlier of that date that: (i) the investment period of the Funds, (ii) the Funds’ total Commitments are fully invested, released, expended, returned, reasonably reserved for existing assets (including follow-on investments or add-on investments and including amounts the Funds are obligated to satisfy pursuant to binding agreements, whether or not all conditions to closing have then been satisfied) or for other liabilities or obligations of the Funds as determined by their general partners their its sole discretion, or (iii) approval is obtained from the Funds limited partner advisory committee.

Item 7: Types of Clients

The firm’s sole clients are the Funds, each of which invests, directly or indirectly, in real estate assets. Underlying investors are subject to applicable eligibility requirements. The offering documents of each Fund contain minimum amounts for investment by prospective investors, generally \$5,000,000, which may be waived by the applicable General Partner at its discretion.

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

A. Methods of Analysis & Investment Strategies

The purchase of the interests in the Funds (“Interests”) involves certain risks and is suitable only for persons of substantial financial means who have no need for liquidity in their investment and who can bear the risk of potential loss of their investment.

Alterra IOS will invest primarily in industrial outdoor storage (“IOS”) properties in infill locations across major U.S. and Canadian markets, with a secondary focus on non-IOS industrial assets. In seeking IOS properties, Alterra’s portfolio aggregation strategy will focus on strong cash-flowing assets with embedded rental upside and limited capital expenditures, which forms the critical “back office” real estate supporting e-commerce, transportation, logistics, and infrastructure. Alterra IOS expects investments to be nationally diversified across the top 30 of the top 40 metropolitan statistical areas (“MSAs”) in the United States and Canada, with further diversification across IOS sector, tenant, lease term, and business plan. Within its target markets, Clients will target submarkets with low vacancy, as well as limits on new supply that reduce tenant relocation options. Alterra IOS will focus on properties in infill locations featuring “clusters” of IOS tenants and access to vital transportation arteries such as interstates, intermodals, ports, airports, and urban centers. Alterra IOS seeks to generate attractive risk-adjusted returns through a portfolio aggregation strategy focused on smaller assets in the \$5 million to \$15 million range, assets with strong current cash flow, transactions with embedded leasing upside, and properties with limited capex exposure.

Alterra IOS also considers the following targets when diversifying a Client’s assets across the IOS sector.

- Term: balanced lease expiration profile between short-term or vacant and medium to long-term leases, targeting a weighted average lease term of at least four years.
- Sector: weighted towards transportation and logistics (e-commerce) with exposure to equipment rental and building material sectors (infrastructure).
- Tenant: Focus on national and/or publicly traded tenants, with no single tenant occupying greater than 15% of the portfolio.
- Alterra IOS seeks to balance a Client’s exposure across the following three categories to achieve blended returns that are broadly consistent with “value-add” investment strategies.
 - Cash Flowing – Alterra IOS will seek existing tenants with a base lease term in place of four to 10+ years and with contractual annual rental increases ranging between two percent and three percent. In addition, Alterra IOS will seek to acquire these properties at a discount to replacement cost with embedded upside in rental rates to balance the portfolio from a weighted average lease term and cash flow perspective. As the Investment Period for a Client continues, Alterra IOS expects these cash flowing assets move closer to lease maturity, providing a market-to-market for a Client or value-add to the next potential buyer.
 - Lease Up – Alterra IOS will seek near term lease maturity (i.e., less than three years remaining) or vacant sites where a Client can significantly increase rent and improve the overall portfolio’s yield on cost.
 - Tenant-in-Tow / Sale-Leaseback / Blend & Extends – Alterra IOS’ first mover advantage in the IOS space has allowed it to form numerous national tenant relationships that present near-term opportunities for a combination of value creation initiatives with the end users

of IOS assets. Alterra IOS has executed on each one of the above strategies from extending lease terms in due diligence with existing tenant relationships to executing leases in due diligence or shortly after closing with national tenants that communicate with the Alterra IOS team on a regular basis for their real estate needs. Lastly, there continues to remain large portions of the IOS market that is owned by users, which can be acquired via sale-leasebacks that are customized to the tenants needs.

Alterra IOS expects to source the majority of its Clients deals from private sellers and users:

- Private, single property, single market, or smaller regional owners of IOS assets, including prior 1031 exchange buyers, and local/regional investors in IOS assets.
- Former owners of operating businesses that were sold, but with the business owner retaining the real estate at the time of sale. These properties account for the majority of historic IOS transactions sourced through Alterra's extensive national brokerage relationships.
- Dispositions or sale-leaseback transactions with users who are looking to generate liquidity by de-coupling their real estate holdings from their operating business(es).
- Transactions with corporate private equity firms, some of which will consist of sale-leasebacks providing liquidity and positive leverage on their investment, and disposition of excess real estate from consolidation and cost rationalization.

Alterra IOS has also established relationships with over 300 brokerage firm contacts across the U.S. that either specialize or consistently transact in the IOS market. The Firm expects these broker relationships to be a significant source of off-market deal flow for a Client.

B. Risk of Loss & Categories of Risk

Anyone considering an investment in a private fund, which is a client of Alterra IOS, should carefully consider the following risk factors among the other risks described in the respective Client's Offering Documents. As a result of these factors, as well as other risks inherent in any investment or set forth elsewhere in the Client's Offering Documents, there can be no assurance that a Client will meet its investment objectives or otherwise be able to successfully carry out its investment program.

Nature of Investment

Investment in a private fund, or Client, requires a long-term commitment with no certainty of return. A Client will invest in industrial real estate and industrial real estate related assets (each an "Asset" and, collectively, the "Assets") directly or indirectly through Subsidiaries in order to facilitate the separate financing and sale of each Asset, in each case as described in the Memorandum of a Client. Substantially all of the Assets will be highly illiquid, limiting the Client's ability to sell such Assets quickly in response to changes in economic or other conditions, and the Client may be unable to realize a return on such Assets in a timely manner, if at all. There may be little or no near-term cash flow available for distributions to the Limited Partners. Partial or complete repayments, sales, transfers or other dispositions of Assets that may result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made. Poor performance by a few of the Assets could severely affect the Client's financial position, results from operations, cash flows, the ability to satisfy its debt service obligations and repay indebtedness, and the total returns to the Limited Partners.

Although many of the Client's investments are expected to generate current income, such investments may take several years from the date of the initial investment to reach a state of maturity when realization

of such investments can be achieved. In addition, there can be no assurances that any distributions of current income will be made to Limited Partners due to various factors, including incurrence of expenses and liabilities, potential non-performance or write-downs of investments of the Client, paying obligations under a Subscription Facility or other borrowing, changes in the market for industrial real estate ownership, debt obligations or other unforeseen events beyond the control of the General Partner. Furthermore, the expenses of operating the Client may exceed its income, thereby requiring that the difference be paid from the Client's Commitments.

Pandemic

As a result the outbreak of a novel corona virus which causes the disease now known as "COVID-19" government authorities have implemented numerous measures in efforts to reduce risk. Although, these initial measures have been significantly eased, it is possible that such measures could be reinstated in the future. Alterra IOS and their affiliates have modified their business practices through measures such as modified limited employee travel, the modification of employee working practices, and the cancellation of some physical meetings, events or conferences. Alterra IOS and their affiliates may take further actions that they determine are in the best interest of their employees, officers, members, partners, board members or committee members, or in order to comply with suggested guidance or required orders issued by government authorities. As a result of such measures, Alterra IOS, its affiliates, or the Client's ability to perform critical functions could be adversely impacted. Overall, pandemics and/or new infectious diseases could directly or indirectly damage a Client's Assets, lead to reputational damage or cause losses that materially exceed insurance coverage. In addition, certain losses resulting from such diseases may be uninsurable. As a result of the foregoing, a Client's ability to generate revenues and the value of its Assets could either fail to materialize or could decline materially.

The outbreak has also considerably increased global economic uncertainty and has led to a historic economic volatility. The long-term impact on the real estate industry is currently unknown. In addition, the degree to which COVID-19 impacts the economy, generally, and the real estate industry, specifically, moving forward will depend on future developments, which are highly uncertain and cannot be predicted at this time, including, the duration and spread of the outbreak, its severity, the actions to contain the virus or its impact, the passage and interpretation of laws, orders and regulations to support impacted individuals and businesses, and how quickly and to what extent, normal economic and operating conditions can or do resume. Furthermore, there may be long-term effects beyond the end of COVID-19 related to shifts in consumer perspectives of "normal" working and operating conditions with respect to changes in working habits of companies and their employees, who may shift to a permanent or part-time work from home model outside the employer's geographic area.

Real Estate Ownership in General

A Client's investments will be subject to the risks generally incident to the ownership of real property. Real estate values are affected by a number of factors, including: (i) changes in the general national or international economic climate, local conditions (such as oversupply of space or reduction in the demand for space), the quality and philosophy of management, competition based on rental rates and operating expense efficiency, attractiveness and location of the properties, population trends (including gentrification), neighborhood values, community conditions, public perceptions (including, for example, neighborhood stability and crime levels), general economic conditions, local employment conditions, interest rates and real estate tax rates; (ii) uncertainty of cash flow to meet fixed and other obligations;

(iii) changes in fiscal policies; (iv) changes in applicable laws and regulations (including tax laws) and (v) uninsured losses and other risks that are beyond the control of Alterra IOS or the General Partner. There can be no assurance of profitable operations because the cost of owning the properties may exceed the income produced, particularly since certain expenses related to real estate and its development and ownership, such as property taxes, utility costs, maintenance costs and insurance, tend to increase over time and are largely beyond the control of the owner. Moreover, although insurance is expected to be obtained to cover most casualty losses and general liability arising from the properties, no insurance will be available to cover cash deficits from ongoing operations. Acquisitions may be financed through lines of credit and other forms of secured or unsecured debt financing. However, there can be no assurance that sufficient sources of financing will be available to fund such acquisitions and renovations, refinancings or financings for eventual Asset buyers, and/or that such financing will be available on favorable terms.

Market Conditions

Economic and Market Conditions

As a result of the continuing developments related to the spread of COVID-19, the U.S. economy up to this point has faced historic volatility in the financial and commodity markets. Although the market has recovered its losses attributable to the recession brought on by COVID-19, which was the first recession since the Great Financial Crisis of 2008, the long-term impact of the ongoing COVID-19 pandemic on such markets, generally, and the real estate industry, specifically, are unknown at this time, and such markets may face additional volatility and declines in value as a result. In addition, the effects of any such additional volatility could be felt well beyond the time COVID-19 is contained. Consumer, corporate and financial confidence may be further affected by COVID-19 and a rapid erosion of confidence may lead to a deterioration of the real estate industry and/or an economic downturn.

The state of the real estate industry, generally, and the success of a Client's investment activities, specifically, will be affected by changes in the general economic and market conditions, consumer preferences and behavior, as well as by changes in laws, currency exchange controls, monetary policy, material increases in supply of commercial and residential space, and U.S. and global political and socioeconomic circumstances (namely GNP and employment). Such factors are unpredictable and cannot be controlled by Alterra IOS or the General Partner of a Client. Conditions such as financial market volatility, illiquidity and/or decline, a generally unstable economic environment (including as a result of a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) and/or a deterioration in the capital markets may negatively impact the availability of attractive investment opportunities for a Client, a Client's ability to make investments, the availability of funding to support a Client's investment objectives, the performance and/or valuation of a Client's investments, and/or the Client's ability to dispose of investments.

Uncertain Economic, Social and Political Environment

Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic change, pandemic or unrest. In particular, on February 21, 2022 Russia invaded Ukraine. Since that time, there has been exacerbated volatility in the market beyond the impact from the pandemic, and global increase in oil prices. As the war continues additional unforeseen conflicts, market volatility, and specific impact on real estate are possible. With the world's largest military powers providing various levels of assistance in this war, there is the possibility for

countries to formally join the war between Russia and Ukraine. If such an event to occur the real estate and financial markets would likely be further impacted in unknown and unanticipated ways. For example, a rapid or significant erosion of confidence may result in a deterioration of credit markets and/or lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and generally will increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections.

The value of a Client's Assets could be adversely affected to the extent that COVID-19, a weakened economy, or demographic factors result in the elimination of jobs, layoffs, and high unemployment rates in the areas where a Client's business operations are concentrated. In addition, increased unemployment levels, the movement of jobs out of the country or lower consumer spending could reduce demand for the Assets. Any of these risks may reduce rental prices for the Assets comprising a Client's portfolio and cause a decrease in use of the Client's Assets, which could have a material and adverse impact on the Client's business, financial condition and results of operations.

Volatility of Leveraged Loan and Credit Markets

Significant risks for a Client and its Limited Partners exist as a result of the potential for disruptions in the credit markets and uncertain economic conditions. These risks include, among others, (i) the possibility that a Client may find it more difficult to sell any of its Assets, thus rendering it more difficult to dispose of such Assets if and when it desires to sell them, (ii) the possibility that the price at which Assets can be sold by a Client will have deteriorated from the cost of such investment to the Client, and (iii) the impact of adverse economic conditions on the Client and its Assets. These risks may affect the returns, if any, to the Limited Partners or the ability of the Client to return any or all of the Limited Partners' contributions.

Disruptions in the credit markets may reduce opportunities for a Client to make investments and may also heighten refinancing risk in respect of maturing Assets. Any events that slow, delay or reverse economic recovery or cause a deterioration in loan performance generally may affect the returns, if any, to the Limited Partners or the ability of the Client to return any or all of the Limited Partners' contributions.

Negative macroeconomic conditions may adversely affect the credit rating (if any), performance and the realization value of the Client's Assets. It is possible that the Client's Assets will experience higher default rates and lower recovery rates than anticipated and that performance will be materially worse than expected.

The bankruptcy or insolvency of a major financial institution may have a material adverse effect on the Client, particularly if such financial institution is the administrative agent of an Asset or is otherwise the counterparty to a contract with the Client (including a Subscription Facility or hedging-related contract). In addition, the bankruptcy, insolvency or financial distress of one or more additional financial institutions, or one or more sovereigns, could trigger additional disruptions in the global credit markets or the global economy which could have a material adverse effect on the Client and its Assets.

Force Majeure Events

Certain force majeure events (meaning those events beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, pandemic, civil insurrection, earthquakes, war, terrorism and labor strikes) may adversely affect the ability of Alterra IOS or the Client's General Partner and its affiliates, the Client, counterparties of the foregoing or other persons or entities to perform their respective obligations. The cost of repairing or replacing Assets damaged by a force majeure event could

be considerable. In addition, repeated or prolonged service interruptions resulting from a force majeure event may cause a permanent loss of customers, substantial litigation or significant penalties for regulatory or contractual non-compliance, though in some cases, agreements may be terminable if a force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. The occurrence of a force majeure event may, directly or indirectly, have a material adverse effect on the Client and/or any of its investments.

General Risks of Acquisition Activities

The success of a Client depends, in large part, on the availability of a sufficient number of investment opportunities that fall within the Client's investment objectives and the ability of Alterra IOS to identify, negotiate, close, manage and exit those investment opportunities. Acquisitions of properties also entail general investment risks associated with any real estate investment.

A Client may also acquire properties subject to known or unknown liabilities and with limited or no recourse. As a result, if liability were asserted against the Client based upon such properties, the Client might have to pay substantial sums to dispute or remedy the matter, which could adversely affect the Client's cash flow and returns. Unknown liabilities with respect to properties acquired could include, for example: liabilities for clean-up of undisclosed environmental contamination; claims by tenants, vendors or other persons relating to the former owners of the properties; liabilities incurred in the ordinary course of business; and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties. As a result of the foregoing, even if suitable investments are made, a Client's financial condition and results of operations could be materially and adversely affected, and the objective of the Client may not be achieved.

Investments in Industrial Properties

A Client intends to acquire primarily IOS properties and may acquire certain non-IOS industrial properties. Acquisitions of industrial properties entail risks that investments will fail to perform in accordance with expectations. Estimates of renovation costs and costs of improvements necessary to bring an acquired property up to standards established for the market position intended for that property may prove inaccurate. Also, market conditions may require greater tenant improvements or other concessions than anticipated. In addition, there are general investment risks associated with any new real estate investment.

The acquisition and renovation of industrial properties involve certain risks, including the possibility of environmental problems, cost overruns and delays, uncertainties as to market demand or deterioration of market demand after acquisition or renovation, other required governmental approvals and permits, and the incurrence of development costs in connection with projects that are not pursued to completion.

Industrial properties are subject to a number of operating risks, including, among other things: (i) competition from other properties in the same geographic market; (ii) increases in operating and maintenance costs; (iii) dependence on key tenants; (iv) fluctuating lease, absorption and occupancy rates; (v) the financial stability of tenants and related risks of default by tenants experiencing financial problems; and (vi) adverse effects of general and local economic conditions. These factors could adversely affect a Client's ability to generate revenues and make distributions to its Partners.

IOS properties are considered vulnerable to competition, because both acquisition costs and break-even occupancy are relatively low. Tenants at IOS properties tend to require and receive privacy, anonymity

and efficient access, each of which may heighten environmental and other risks related to such property as the property owner may be unaware of the contents in any storage area. An environmental assessment of a storage property likely would not include an inspection of the contents of the storage units at the property, and there is no assurance that all of the units included in the storage properties are free from hazardous substances or other pollutants or contaminants or will remain so in the future.

Investments in Development and Construction of Assets

Risks associated with development and construction activities may include: (i) abandonment of development opportunities; (ii) construction costs of a property exceeding original estimates, possibly making the property uneconomical; (iii) occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable; (iv) financing may not be available on favorable terms for development of a property; and (v) construction and lease-up may not be completed on schedule, resulting in increased debt service expense and construction costs. In addition, new development activities, regardless of whether they would ultimately be successful, typically require a substantial portion of the IOS Team's time and attention. Development activities would also be subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations.

Investments in Distressed Debt and Assets

General

Clients may invest in distressed IOS and/or industrial real estate-related loans or claims, in certain cases as a mechanism to obtain the real estate projects underlying the debt. Distressed debt investments and, by extension (if applicable), investments in the real estate underlying the debt, involve a risk of loss in case of default or insolvency of the issuer, particularly if the obligation is unsecured. In addition, to the extent these loans are or become after acquisition, non-performing, they may require a substantial amount of workout negotiations and/or restructuring. If the Client forecloses on a distressed loan, the foreclosure process will vary jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan, including, without limitation, lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy or its equivalent, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property. In addition, certain of the mortgage loans in which the Fund invests may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time. The Fund may also be subject to the credit risk associated with the bank or other financial institution servicing principal and interest payments to the Fund.

Investments in Secondary Loans

Clients may participate in discounted secondary loans. Investing in certain secondary loans may offer a greater return relative to traditional bank first-priority senior debt due to a discount in purchase price of such secondary tranche, but such instruments also may involve additional risk over first-priority senior-secured debt held by the senior lender party. The Fund's transactions with a secondary loan on specific assets may possess greater risks than loans with a secondary loan on all assets. Upon execution, a

secondary loan may be fully secured by all or specific collateral of the borrower. Market fluctuations, declining prices, underperformance or an economic downturn may reduce the value of such collateral securing the secondary loan thereby exposing the investment to the risk of being under-collateralized. If the value of the borrower's collateral decreases, the existing collateral may not be sufficient to cover all of the senior liens. Holders of liens on specific assets will be impacted by fluctuations in the value of the asset serving as collateral to the secondary loan. If the value of the collateral decreases, the Fund may have diminished capacity to negotiate favorable terms concerning collateral and repayment rights and may be forced to give up certain rights to the senior lender holding the first-priority senior-secured debt on the assets. In the event of a default by the borrower, the holder of a secondary loan on specific collateral may be required to wait to enforce its rights against the collateral. This creates the risk that the holder of a secondary loan on specific collateral will not be fully protected with respect to distributions and rights to collateral or during bankruptcy.

In general, the secondary trading market for secondary loans is not developed. Further, no active trading market may exist for certain secondary loans, which may make it difficult to value them. Illiquidity and adverse market conditions may mean that the Fund may not be able to sell certain secondary loans quickly or at a fair price. To the extent that a secondary market does exist for certain secondary loans, the market for them may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods.

Some secondary loans are subject to the risk that a court, pursuant to fraudulent conveyance or other similar laws, could subordinate the secondary loans to presently existing or future indebtedness of the borrower or take other action detrimental to lenders, including the Fund. Such court action could, under certain circumstances, include invalidation of secondary loans.

Land Acquisitions, Zoning, Tax Assessments

A Client is affected by zoning and use restrictions and other laws and regulations that are common to any business that deals with real estate. There is a risk of change in state, local, or federal regulations related to property use and zoning and attempt to disallow the existing IOS use, specifically in cases where continuous operation of the property as IOS is not maintained. Local zoning boards may be incentivized to restrict industrial zoning due to the low tax nature of the properties, especially IOS properties and the general aesthetic aspects and increased traffic volumes associated with industrial zoning. Although there is legal support that rezoning or "taking" of IOS property is unconstitutional, using constitutional arguments is an expensive and time-consuming legal defense. Alterra believes this risk is remote, but a possibility due to pressure on municipalities to increase tax revenue by encouraging or forcing the conversion of IOS sites to more accretive property uses.

As a result of rezoning or takings, a Client may be unable to obtain, or experience delays in obtaining necessary zoning, occupancy, or other required governmental or third party permits and authorizations, which could result in an increase in costs or a delay or desertion of opportunities. Further, land acquisition is often costly and is accompanied by the risk that the value of acquired land changes due to market or other circumstances. The adoption of additional taxes or surcharges could adversely impact the value of the Client's Assets and, as a result, the Client's business, financial condition and results of operations. The profitability of the Client may also be affected by increases in property taxes because the Client may be responsible for paying property taxes on its owned properties.

Adverse Effects of Changing Legislative or Regulatory Developments.

There are many longstanding federal, state and local government laws and regulations currently in effect that impose certain burdens or restrictions on the financial markets in general. The Biden administration has indicated that it intends to reverse many of the Trump era loosening of governmental regulations generally, including those applicable to the financial and real estate industries. It is difficult to predict what, if any, changes implemented by the Biden administration will impact a Client and its results of operations. However, while it appears that there is a high likelihood of efforts to reinstate certain aspects of regulation of the financial markets that could have a material impact on the Client's operating results and financial condition, the nature and degree of such impact is generally unknown at this time. It also is unknown at this time what changes in taxation may occur with the Biden administration and what effect, if any, that would have on a Client's business. Further, the COVID-19 outbreak has already resulted in significant new federal, state and local legislative action and may result in additional future legislation. A Client is also subject to federal, state and local employment and labor laws and regulations, and several cities in which we expect to have operations either have adopted or are considering the adoption of so-called "living wage" ordinances. Such laws or regulations could adversely impact the demand for a Client's Assets.

Severe Weather may Adversely Affect a Client's Business

The Assets will be comprised of properties geared toward outdoor storage, which could be affected by weather. Severe weather conditions in various parts the United States and Canada, including without limitation, heavy snow, sleet, hail, heavy rain, floods, heavy wind, tornadoes, hurricanes, mudslides and erosion could close or significantly slow roadways and as a result, limit access to outdoor storage. In addition, the increasing effects of climate change may accelerate one or more of the aforementioned severe weather conditions. Severe weather may also harm a Client's Assets and ultimately may adversely affect a Client's cash flow by reducing the demand for outdoor storage and increasing costs associated with such severe weather conditions including snow removal and repairing any damage to the Client's Assets.

An Increase in the Cost of Insurance Claims and Changes in the Insurance Marketplace could Increase the Client's Costs

A Client may have multiple small property or personal injury claims. While the Client intends to acquire insurance to cover the cost of these claims, the Client will bear costs to the extent such costs are less than the deductible amount. In addition, a major increase in the number and cost of claims to the insurance company could significantly increase the amount that the Client must pay to insure against these claims. Changes in the insurance marketplace, including increased premium costs, could have a material adverse effect on the Client's future results of operations and on its financial condition.

Illiquidity of Real Estate

A Client's investments will be relatively illiquid, limiting its ability to sell such investments quickly in response to changes in economic or other conditions. These restrictions on the Client's ability to sell investments could have an adverse effect on its financial position, results from operations, cash flows, ability to satisfy its debt service obligations and repay indebtedness and ability to pay distributions.

Laws and Regulations

Litigation Risk in General

A Client's investment activities subject it to the normal risks of being involved in litigation by third parties. The outcome of litigation is inherently uncertain and may result in adverse decisions or settlement at values that exceed the amount for which Alterra IOS or the General Partner originally expect a matter to settle. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would, absent disabling conduct that precludes indemnification protection, be borne by the Client and would reduce the Client's net assets. Alterra IOS and the Client's General Partner and others are indemnified by the Client in connection with such litigation, subject to certain conditions. Any litigation may consummate substantial amounts of Alterra IOS and/or the Client's General Partner's time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. There can be no assurance that the outcome of any litigation or settlement will be consistent with Alterra IOS or the Client's General Partner's expectations or that litigation will not have a materially adverse effect on the Client's performance and continue without resolution for long periods of time.

Environmental Matters

Under various federal, state and local environmental laws and regulations (collectively, "Environmental Laws"), a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or wastes, petroleum products or other pollutants or regulated materials, or threatened releases of such materials at such property (collectively, the "Contamination") and may be held liable to a governmental entity or to third parties for natural resource damages, and for investigation, clean up or monitoring (collectively, "Response") costs incurred by such parties in connection with the Contamination. Such laws typically impose clean-up responsibility and liability without regard to fault, causation or knowledge relating to the Contamination, although defenses may be available if appropriate due diligence is performed prior to obtaining an interest in the property. The liability under such laws may be joint and several for the full amount of the Response costs incurred or to be incurred or Response actions undertaken or to be undertaken, although a party held jointly and severally liable may be able to obtain contribution from other identified, solvent, responsible parties for their fair share towards these costs. The Response costs may be substantial and can exceed the value of the property. In connection with its ownership and operation of the properties, the Client may be liable for such costs. The presence of Contamination, or the failure to properly remediate Contamination, on such property may adversely affect the owner's ability to sell or rent such property, for the property to be used for its intended purpose or to borrow using such property as collateral.

In addition to Response costs or actions it is required to perform, an owner or operator also may be held liable to third parties for property damage, and personal injury or exposure, related to any Contamination or regulated materials at any properties it owns or operates, including in the soil and groundwater, such as is found in normal cleaning supplies, lubricants and greases and fuels and gases. Further, the presence of Contamination may present restrictions on the use of any property owned or operated by the Client, or in which it invests, due to health concerns. Certain kinds of Contamination, including solely in soil or groundwater at a property, may impact restrict or even prevent use of the property, during certain times or for periods of time, unless and until the Contamination can be properly addressed to remove or alleviate the perceived health concern. Rent may be abated during any periods in which use is restricted

or prevented, and other related damages may be awarded to tenants leasing such property relating to any inability to use the property. The loss of rent and any related damages may be substantial.

If appropriate, prior to closing any property acquisition, Alterra IOS and/or the Client's General Partner will in the ordinary course of its duties obtain such environmental assessments as may be prudent in order to attempt to identify potential environmental concerns at such properties. Except as otherwise may be appropriate, these assessments generally will be carried out in accordance with accepted industry practices and may include a physical site inspection, a review of relevant federal, state and local environmental and health agency database records, one or more interviews with appropriate site-related personnel and review of other appropriate documentation. A Client also may conduct limited subsurface investigations, and it also may test for radon, or other potential contaminants where the results of the first phase of the environmental assessment or other information indicates possible contamination or where such procedures are recommended by a Client's consultants. These assessments and investigations may not include or identify all potential environmental liabilities or risks. Moreover, applicable environmental laws and regulations may change in the future, resulting in new or additional potential liabilities.

General Regulations

If at any time any property is not in compliance with material provisions of federal, state or local regulations affecting such property, a Client might be required to take remedial action, which could include making modifications or renovations to such property. Federal, state and local governments may also enact future laws and regulations that could require the Client to make significant modifications or renovations to such property. If the Client were to incur substantial costs to comply with any regulation, the Client's financial condition, results of operations, cash flows and ability to satisfy its debt service obligations and make distributions could be adversely affected.

A Client's properties are subject to land use rules and regulations that govern a Client's development, redevelopment and use of its properties. In particular, development and redevelopment projects may be subject to certain zoning and entitlement approvals from governmental agencies such as local zoning boards and planning boards, sewer authorities, and sometimes county, regional/state and/or federal government units. Restrictions on the Client's ability to develop, redevelop or use such properties resulting from changes in the existing land use rules and regulations could have an adverse effect on its financial position, results from operations, cash flows, ability to satisfy its debt service obligations and repay indebtedness, and ability to pay distributions.

Financing

General

The acquisition and development of the Client's Assets may be financed in substantial part by borrowing, which increases the exposure to loss. The use of leverage involves a high degree of financial risk and may increase the exposure of the Client or its investments to factors such as rising interest rates, downturns in the economy or deterioration in the condition of the collateral underlying such investments. The use of leverage will increase the amount of funds available to the Client for investment but will also increase the risk of loss. The investments may be unsecured and subordinated to substantial amounts of senior indebtedness. The investments may not be protected by financial covenants or limitations upon additional indebtedness. Market fluctuations may significantly decrease the availability of and increase the cost of leverage. Principal and interest payments on indebtedness (including mortgages having "balloon"

payments) will have to be made regardless of the sufficiency of cash flow from the Assets. Mortgages requiring “balloon” payments may involve greater risks than mortgages in which the principal amount is fully amortized over the term of the loan, for the ability to repay the outstanding principal amount of a “balloon” loan may be dependent upon the ability to obtain adequate replacement financing, which will, in turn, be dependent upon interest rates and lenders’ policies at the time of refinancing, economic conditions in general and the value of the underlying Assets in particular. There is no assurance that replacement financing will be available to make “balloon” payments or that any replacement financing available will be on favorable terms. Lenders or other holders of senior positions would be entitled to a preferred cash flow prior to the Client receiving a return. Since the Client may engage in portfolio level financing, several investments may be cross-collateralized and subject to increased risk of loss. In addition, recourse debt may be incurred and may subject the Assets of the Client to additional risk of loss. The Client’s investment may be impaired by a smaller decline in the value of the Assets than is the case in which Assets are owned with a proportionately smaller amount of debt. Depending on the level of leverage and decline in value, if mortgage payments are not made when due, one or more of the Assets may be lost (and the Client’s investment therein rendered valueless) as a result of foreclosure by the mortgagee(s). Also, the Client may obtain a Subscription Facility in order to pay expenses, make deposits and acquire Assets. Alterra IOS and/or the Client’s General Partner may assign the Client’s rights with respect to Partners’ uncalled Commitments, including the right to draw down on such Commitments to pay interest, lender charges and principal. The use of a Subscription Facility secured by unfunded Commitments will not be included in the leverage targets for the Client during the Investment Period. In addition, pools of Assets may aggregate and cross-collateralized. As a result of the possibility of cross-collateralization, the Client may be subject to increased risk of loss in the event that one of the Assets performs poorly.

Loans Relating to New Construction Face a Variety of Risks

Loans in construction situations for industrial Assets and/or exiting assets that are complementary to the development of industrial Assets may involve a higher degree of risk than other lending, to the extent that repayment is dependent upon successful completion of the project, or as a result of the lack of an operating history on the project upon which to base a loan’s underwriting and difficulties in estimating construction costs and timing.

Interest Rate Changes May Adversely Affect the Value and Return of the Fund’s Investments

The market value of the Client’s Assets may be affected by changes in interest rates. In general, the market value of an Asset will change in inverse relation to an interest rate change in which an Asset has a fixed interest rate or only limited interest rate adjustments. Accordingly, in a period of rising interest rates, the market value of such an Asset will decrease. Moreover, in a period of declining interest rates, the market price of fixed income security Assets generally rises. Currently, due to a number of factors including the ongoing invasion of Ukraine by Russia and supply chain problems caused in part by the COVID-19 pandemic, the global economy is experiencing a rapid rate of inflation for the first time in decades. In response to the increase in inflation, the Board of Governors of the Federal Reserve System has caused several recent increases in the federal funds rate, which increases represent the largest increases since 1994 and are expected to continue. The General Partner cannot predict the timing or the duration of any inflation or the impact of inflationary pressure on the Fund’s interest rate spread.

Such interest rate changes may also affect the Client’s return on new investments that it makes. If there is a period of declining rates prior to the end of the Investment Period, the amounts becoming available

to the Client for investment due to repayment of Client investments may be re-invested at lower rates than the Client had been able to obtain in prior investments or than the rates on the repaid investments. Also, increases in the interest rates on the Client's Subscription Facility or other borrowings may not be reflected in increased rates of return on the Client's investments, thereby adversely affecting the Client's return on such investments. Accordingly, interest rate changes may adversely affect the total return on the Client's investment portfolio. Although changes in prevailing interest rates can be expected to cause some fluctuations in the value of floating-rate Assets held by the Client (due to the fact that rates reset only periodically), the values of these Assets should be substantially less sensitive to changes in market interest rates than fixed-rate instruments. Fluctuations in the market price of the Assets held by the Client will not affect interest income derived from Assets already owned by the Client but will be reflected in the Client's net asset value.

Hedging Risks

A Client may utilize financial instruments such as forward contracts, options, swaps, caps, collars, floors, and other derivatives to seek to hedge against fluctuations in the relative values of its Assets as a result of changes in market interest rates. While these transactions may reduce certain risks, the transactions themselves entail certain other risks. Hedging against a decline in the value of an investment does not eliminate fluctuations in the value of such investment or prevent losses if the value of such investment declines, but instead establishes other positions designed to gain from those same developments, thus offsetting the decline in such investment's value. These types of hedge transactions also limit the opportunity for gain if the value of such investment should increase.

Cybersecurity Risks

Alterra IOS, the Client, service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. Alterra IOS and its affiliates have taken steps to evaluate and mitigate cybersecurity risks, but there can be no assurance that such steps and any policies or practices will adequately address or prevent all types of cybersecurity risks. Such systems are subject to a number of different threats or risks that could adversely affect the Client and the Limited Partners. For example, unauthorized third parties may improperly attempt to access, modify, disrupt the operations of, or prevent access to Alterra IOS' systems. Third parties may also fraudulently attempt to induce employees or investors to disclose sensitive information in order to gain access to Alterra IOS' data or that of the Client's Limited Partners. A successful penetration or circumvention of the security of Alterra IOS' systems could result in the loss or theft of a Client's Limited Partner's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause Alterra IOS or the Client to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

Potential Losses may not be Covered by Insurance

The Client intends to maintain insurance on its properties, including liability and fire and extended coverage, in amounts sufficient to permit the replacement of the Asset in the event of a total loss, subject to applicable deductibles. A Client will endeavor to obtain coverage of the type and in the amount customarily obtained by owners of similar assets. There are certain types of losses, however, generally of a catastrophic nature, including, without limitation, earthquakes, floods, hurricanes, pandemics, including the current COVID-19 outbreak and acts of war or 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 may also make it infeasible to use insurance proceeds received by a Client or the amount of insurance proceeds might not be adequate to restore the economic position of the Client with respect to its investment in its affected properties. In addition, it may not be possible for the Client to obtain all of the desired insurance coverage or to obtain such coverage at commercially reasonable rates. If a disaster that the Client has not insured against occurs, the Client could lose both its original investment and any future profits from its affected properties. Any such losses could adversely affect its financial condition, results of operations, cash flow, and ability to make distributions to the Client's Limited Partners.

Risks in the Fund

These risks categories are addressed more extensively in a Client's Offering Documents, but include the following areas of risk: limitations on obligations to provide capital, holding investments at the date of termination of the fund, the fund holding investments that may not be diversified across markets and product types, expedited transactions, risk of unsuccessful exit strategies, newly organized entities, limited number of investments, conflicts of interest, duties of members of the advisory committee, fund dependence on management, limited transferability and illiquidity of interests, limitation on participation in management, potential concentration of voting power, limited recourse against the General Partner, subsequent closings, distributions, reinvestment of distributions, significant adverse consequences of default, side letters, use of valuations and appraisals.

Market Volatility

Volatile market conditions at various times have had a dramatic effect on real estate investing. In addition, terrorist attacks and other acts of violence or war may affect the operations and profitability of a Client's physical facilities or the businesses of the Client's tenants. Furthermore, certain losses resulting from these types of events are uninsurable. Such events could cause consumer confidence and spending to decrease or result in increased volatility in the U.S. and worldwide financial markets and economy. They also could result in a continuation of the current economic uncertainty in the U.S. and abroad. Any of these occurrences could have a significant impact on a Client's operating results and revenues.

Foreign Investments in Canada

Alterra IOS may invest in real estate and private debt investments located in jurisdictions or territories in Canada that are not governed by and do not fall under the laws of the United States of America. Any such investment entails additional risks, including without limitation, the risk of adverse changes in the applicable Canadian laws, regulation, monetary exchange rate(s) changes between U.S. and Canadian Dollars and risks of expropriation, nationalization, repatriation and the imposition of restrictions on foreign investment in Canada. Such investments may also subject a Client and the Limited Partners to Canadian taxes.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of all the risks involved in an investment managed by Alterra IOS. Prospective Investors and Clients should read the entire Brochure as well as the Client's Offering Documents, other materials that may be provided by Alterra IOS and consult with their own advisers prior to engaging Alterra IOS' services.

Item 9: Disciplinary Information

Alterra IOS and its management persons have not been a party to any legal or disciplinary events that would be material to a client's or prospective client's evaluation of its investment advisory business or the integrity of its management.

Item 10: Other Financial Industry Activities and Affiliations

Neither Alterra IOS nor any of its management persons is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or associated person of any of the foregoing. Alterra IOS does not recommend or select other investment advisors for its clients.

The General Partner of a Client is an affiliate of Alterra IOS and serves as general partner to each of the Clients. For a description of material conflicts of interest created by the relationship among Alterra IOS and the General Partner, as well as a description of how such conflicts are addressed, please see Item 11 below.

APG Realty, LLC, is a Pennsylvania real estate brokerage firm that will provide certain leasing services to the Clients, so long as those services are required by the Clients or any of its Subsidiaries' business. APG Realty, LLC is an affiliate of Alterra IOS. Members of Alterra IOS are licensed real estate brokers with APG Realty.

Rittenhouse Law, a Pennsylvania law firm specializing in real estate and financial services, is an affiliate of Alterra IOS and has historically provided legal services to Alterra's investment vehicles. Jeff Pustizzi is a Founder and Partner at Rittenhouse Law, although Mr. Pustizzi does not bill legal fees to the Clients for his time incurred on Client matters. Certain legal services will be provided by legal professionals at Rittenhouse Law, of which Mr. Pustizzi is a partner, and the Clients will bear the affiliated fees for such legal services. Any fees payable to such service providers for services provided to the Clients or any of its Clients assets will not constitute transaction fees and will not offset the Management Fee payable or otherwise be shared with the Clients or any Limited Partner and will be retained solely by the person or entity receiving the fee. Legal Fees by Rittenhouse Law are not to exceed \$600 per hour (subject to rate adjustments of up to five percent per year); provided that the Client shall not be charged for legal services provided by Jeff Pustizzi.

These relationships may influence the Client's General Partner and/or Alterra IOS in deciding whether to select or recommend such service provider to perform services for the Clients or any of its Clients Assets (the cost of which will generally be borne directly or indirectly by the Client or the Clients Assets, as applicable) and accordingly, conflicts may arise in the allocation of resources from such service providers to the Client or the Clients Assets. The rates relating to the provision of services to the Client or its Clients Assets by the General Partner, Alterra IOS or any affiliate thereof for affiliated fees will be consistent with the fees provided for in the Client's Offering Documents or if the General Partner, the Management Company or their affiliates provide services to the Client other than those described in the Offering Document or at rates higher than those provided therein, Alterra IOS will disclose the terms and conditions of agreements to the Client's Advisory Committee and may compensate such affiliated party for performing such services in accordance with the rates provided in such agreement if the Advisory Committee has approved such rates or services. In certain circumstances, advisors, service providers, or affiliates of the Client's General Partner or Alterra IOS, may charge different rates or have different arrangements for services provided to certain other Alterra IOS clients or APG clients or their

respective affiliates (including the predecessor fund) as compared to services provided to the Fund and its Assets, which may result in more favorable rates or arrangements than those payable by the Fund such Assets.

Item 11: Code of Ethics, Participation or Interest In Client Transactions and Personal Trading

Alterra IOS has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act. The Code governs the activities of each member, officer, director and employee of Alterra IOS (collectively, “Access Persons”). Alterra IOS holds its Access Persons to a high standard of integrity and business practices that reflects its fiduciary duty to its Clients. In serving its Clients, Alterra IOS strives to avoid conflicts of interest or the appearance of conflicts of interest in connection with the personal trading activities of its Access Persons and Client securities transactions.

When persons covered by the Code engage in personal securities transactions, they must adhere to the following general principles as well as to the Code’s specific provisions: (a) at all times the interests of the Client must be placed ahead of personal interests; (b) personal transactions must be conducted consistent with the Code in manner that avoids any actual or potential conflict of interest; and (c) no inappropriate advantage should be taken of any position of trust and responsibility. Access Persons covered by the Code have certain trading restrictions and reporting obligations of their personal securities transactions.

Each Access Person is provided with a copy of the Code and must annually certify that they have received it and have complied with its provisions. In addition, any Access Person who becomes aware of any potential violation of the Code is obligated to report the potential violation to the Chief Compliance Officer.

Alterra IOS will provide a copy of its Code of Ethics to Clients, investors and prospective investors upon request. Such a request may be made by submitting a written request to Alterra IOS at the email address on the cover page of this Brochure.

Alterra IOS Clients, the Funds, do not invest in securities. If Alterra IOS or its related person were to purchase or sell real estate assets that they or their other Clients hold a financial interest in to one of the Clients, the sale would go through LPAC approval as outlined in the Limited Partnership Agreement.

Item 12: Brokerage Practices

This item is generally not applicable to Alterra IOS because the Funds do not conduct transactions in publicly traded securities requiring the use of brokers. In very limited circumstances, a Client may receive shares of publicly traded securities acquired with the intent to take such company private such as a real estate investment trust acquired for the purpose of ultimately acquiring its underlying assets. However, issues relating to soft dollars, directed brokerage by clients, and block trades do not exist with respect to Alterra IOS’s provision of investment advisory services to its Clients.

As an investment adviser for real estate investments in our Clients accounts, we will seek to invest Client funds in real estate property throughout the United States. Investment opportunities are sourced from various channels including real estate commercial brokers and our network of operating partners. Unaffiliated brokers and operating partners are selected on an individual investment basis.

We may also solicit and retain a mortgage broker relating to financing of investment level property debt. Brokerage costs are paid by the respective investment entity.

The selection of a brokerage firm is based on a number of factors, including but not limited to, execution ability, track record, product expertise, conflicts of interest, and the commissions to be paid. The selected broker may not be the lowest available in terms of commission.

We do not engage in the practice of obtaining research and/or other services from third-party service providers in exchange for client-based brokerage credits (known as “soft dollars”). Furthermore, we do not direct brokerage or consider, in selecting or recommending brokers, whether we or any of our “related persons” (as defined for purposes of Form ADV) receives client referrals from a broker or third party.

Item 13: Review of Accounts

A Client’s Limited Partners will be provided with: (i) annual audited financial statements of the Fund; (ii) annual estimates of the valuations of each Asset; (iii) quarterly capital account statements and unaudited financial statements for each of the first three fiscal quarters and (iv) such other information as is necessary for the preparation of tax returns and the compliance with securities laws. In addition, each year there will either be an annual meeting (whether in-person, by teleconference or by videoconference) with a Client’s Limited Partners to review the status of the Fund.

In reviewing status of the Fund, Limited Partners should be aware that the General Partner and the Fund may be subject to confidentiality agreements that limit the amount of information that the General Partner may disclose about its investments.

Item 14: Client Referrals and Other Compensation

Economic Benefits Provided by Third Parties

Alterra IOS does not receive any economic benefit, directly or indirectly, from any third party for advice rendered to Clients.

Compensation to Non-Advisory Personnel for Client Referrals

Alterra IOS engages Park Madison Partners LLC as a placement agent to introduce prospective investors to certain Clients for which they are paid a portion of the management fee as outlined in the agreement. The prospect of receiving, or the receipt of, placement fees by any such placement agent may provide such placement agent and/or its salespersons with an incentive to favor sales of interests in the Client, and funds whose affiliates make similar compensation available, over sales of interests of funds (or other fund investments) with respect to which such placement agent receives either no such additional compensation or lower levels of additional compensation. Such payment arrangements, however, will not change the Commitments made to the Client by a Limited Partner and any placement fees paid will be borne solely General Partner, Alterra IOS and/or their affiliates. Limited Partners may wish to take such payment arrangements into account when considering and evaluating any recommendations by such placement agent relating to Interests in the Fund.

Item 15: Custody

Alterra IOS and the General Partners of the Private Funds are deemed to have custody of the Private Funds due to access and authority over Client assets.

Generally, assets, where possible, are to be held in accounts with a qualified custodian within the meaning of the Advisers Act. Privately offered securities are exempt from this requirement if certain criteria are met. Where ownership of the investment is recorded only on the books of the issuer or its transfer agent, in the name of the Client, and where the ownership is subject to prior consent of the issuer or holder of outstanding shares, a qualified custodian is not required. Additionally, the privately offered securities exemption is available only if the pooled investment vehicle is audited and the audited financials are distributed within 120 days of fiscal year end.

Ownership of the real estate investments in a Client is recorded on the books of the issuer in the name of the Client and the issuer consents prior to purchase. Annual financial statements of the Clients are prepared in accordance with GAAP, audited by an independent accounting firm registered with the Public Company Accounting Oversight Board and distributed to all investors within 120 days of each Funds' fiscal year end.

Item 16: Investment Discretion

Alterra IOS manages its Clients on a discretionary basis in accordance with the organization and offering documents of each respective Client. Alterra IOS does not provide investment advisory services directly to the investors of the Clients.

Item 17: Voting Client Securities

This item is not applicable as the Clients do not invest in publicly traded securities. Because Alterra IOS does not transact in publicly traded securities, it does not obtain proxy voting authority in a traditional sense. However, to the extent that the actions by Alterra IOS and/or its representatives on behalf of a Client investment held within a Client is deemed to be an exercise of "voting authority with respect to client securities" within the meaning of Rule 206(4)-6 under the Adviser Act, Alterra IOS shall act in a manner consistent with such Client's best interests when executing such authority. It is anticipated that the alignment of interests between a Client and the interests in the investments held on its behalf will not raise conflicts of interest issues. If a potential conflict of interest does arise, the Chief Compliance Officer will review the relevant vote to ensure adherence to Alterra IOS' policies.

Item 18: Financial Information

Alterra IOS is not required to disclose any financial information pursuant to this item as Alterra IOS does not require or solicit the prepayment of fees six months or more in advance. Furthermore, Alterra IOS has never been the subject of a bankruptcy petition and does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.