



## CANNON HILL INVESTMENT MANAGEMENT, LLC

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March 31, 2023

This Brochure provides information about the qualifications and business practices of Cannon Hill Investment Management, LLC ("Cannon Hill" or the "Firm"). If you have any questions about the contents of this Brochure, please contact Cannon Hill's Chief Compliance Officer ("CCO"), Torrel Hutchinson at 973-284-7099 or [thutchinson@cannonhillcap.com](mailto:thutchinson@cannonhillcap.com). Additional information on Cannon Hill can also be found at <https://cannonhillcap.com> or <https://adviserinfo.sec.gov/>. 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.

Registration of an investment adviser does not imply that Cannon Hill or any of its principals or employees possesses a level of skill or training in the investment advisory business or any other business.

**Item 2: Material Changes**

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Since the Firm's last annual filing, dated March 31, 2022, the Firm is reporting the following items:

- Effective June 30, 2022, senior partners of Cannon Hill Capital Partners LLC, the parent company of the Firm, led a management buyout of the investment management business, known as Columbia Real Estate Management, LLC (or "CREM") from its previous parent company, Columbia Property Trust, Inc., ("Columbia") including the general partner interests and management rights of the funds listed within the Firm's Form ADVI. The management buyout was unanimously approved by the Columbia board of directors, and also approved by various limited partners, joint venture partners and lenders and of Cannon Hill Clients, if and as required. The senior partners of Cannon Hill Capital Partners LLC were former senior partners and employees of Columbia Real Estate Management, LLC or Columbia Property Trust, Inc.
- Effective July 1, 2022, an amendment was filed with the State of Delaware, changing the name of Columbia Real Estate Management, LLC to Cannon Hill Investment Management, LLC.
- The Firm has changed its principal address to 76 Eighth Avenue, 2nd Floor, New York, New York 10011.
- Effective June 30, 2022, Torrel Hutchinson will serve as Chief Compliance Officer of Cannon Hill.
- The Firm has made changes and updates throughout this brochure, including to reflect the change of control of Cannon Hill resulting from the management buyout.

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**Item 4: Advisory Business**

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Cannon Hill Investment Management, LLC ("**Cannon Hill**", "**we**", "**us**", "**our**", or the "**Firm**"), is a Delaware limited liability company formed on June 30, 2022, as a result of a management-led buyout of the investment management business of Columbia Property Trust, Inc. ("**Columbia**"), its former parent company. Cannon Hill (formerly known as Columbia Real Estate Management, LLC, and prior to that, and Normandy Real Estate Management, LLC) is an investment adviser registered under the Investment Advisers Act of 1940 ("**Advisers Act**"), as amended, and is a private real estate investment company with its principal place of business in New York, NY. The Firm's original registration as an investment adviser was approved in 2013, and the Firm has been in business since 2002. Cannon Hill also acquired the general partner interests and investment management rights for certain real estate private funds and accounts from Columbia. Cannon Hill is owned by Cannon Hill Capital Partners LLC whose beneficial owners are Jeffrey Gronning, Melissa Donohoe, and Eric Rubin ("**Senior Management**") and five other senior team members, who continue to lead the real estate investment advisory services and management of the Firm.

The Firm provides investment management services to closed end, fully discretionary private investment funds that are typically structured as limited partnerships and limited liability companies (each a "**Fund**" and collectively the "**Funds**"). A Cannon Hill affiliate acts as the general partner to each fund (each a "**General Partner**" and, together, the "**General Partners**").

Cannon Hill pursues growth through a value-added investment strategy through equity and debt real estate / real property investments primarily focused on acquiring, improving, repositioning, and developing best-in-class office, multi-family, industrial and life sciences properties located in central business districts and transit-served submarkets of New York City, Boston, and Washington, D.C.

Further, Cannon Hill and its affiliates operate related businesses providing commercial development and construction, leasing, property management, property accounting and other such real-estate related services to Fund real estate holdings.

In accordance with common industry practice, a General Partner may enter into one or more "side letters" or similar agreements with certain limited partners pursuant to which the General Partner grants to such limited partners specific rights, benefits, or privileges (e.g., supplemental reporting and information rights and special economic rights) that are not made available to limited partners generally. Absent any agreement to the contrary, the General Partner, on behalf of the Fund, is not required to notify any or all of the other limited partners of any such side letters or any of the rights or terms or provisions thereof, nor is the General Partner required to offer such additional or different rights or terms to any or all of the other limited partners.

Further, a General Partner may, but will be under no obligation to, provide in its sole discretion co-investment opportunities to Priority Co-Investors (if applicable and as defined below), limited partners and/or third parties (each, a "Co-Investor") where the General Partner determines that it is in the Fund's best interest to make only a portion of an investment.

If the General Partner decides to offer a co-investment opportunity to Co-Investors, it shall generally offer it (i) first to the Priority Co-Investors, if applicable, on a pro rata basis, (ii) if the Priority Co-Investors do not commit to the entire co-investment opportunity, then to the remaining limited partners on a pro rata basis, and (iii) if the limited partners do not commit to the entire co-investment opportunity, then to other Co-Investors in the General Partner's sole discretion.

“Priority Co-Investors” means (i) limited partners who are admitted to the Fund on the date of the Initial Closing (“Initial Closing Partners”) and (ii) any limited partners whose aggregate commitment is equal to or greater than \$75 million (including if such commitment may automatically be increased by the General Partner without any further action of such limited partner).

Notwithstanding the foregoing, the Fund may invest side-by-side with a limited partner without providing co-investment opportunities to other investors in instances where such limited partner provides investment opportunities, operating capabilities or other strategic or competitive opportunities or advantages.

As of December 31, 2022 Cannon Hill managed approximately \$160,405,862 of regulatory assets under management on a discretionary basis. The Firm does not manage regulatory assets under management on a non-discretionary basis.

### **Item 5: Fees and Compensation**

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As compensation for its investment management services, we generally receive an “Asset Management Fee” and an “Incentive Distribution” (defined below). Investors should refer to the confidential private placement memorandum (“**PPM**”) and/or operating agreement (“**Operating Agreement**,” together the “**Governing Documents**”) of each Fund for additional or supplementary information regarding compensation paid by each Fund.

Cannon Hill’s Fund investors are qualified purchasers, as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940 (the “**Investment Company Act**”). Therefore, a detailed Fund fee schedule is not required to be included in this brochure.

#### **Asset Management Fee**

In accordance with the Governing Documents, we generally receive an annual asset management fee (the “**Asset Management Fee**”), which varies by Fund but is generally equal to a specified percentage of committed capital during any commitment period and a specified percentage of the invested capital after any commitment period. Certain Funds have management fee offset provisions that are monitored closely by Cannon Hill’s finance team and the CCO.

The Normandy Real Estate Fund III, LP (“**Fund III**”) limited partnership agreement was amended on June 30, 2022, as follows: (i) commencing January 1, 2023, no asset management fee shall be payable; and (ii) the Fund term was extended to June 30, 2023; and (iii) in the event any assets have not been liquidated by the General Partner by July 1, 2023, the Advisory Board shall have a right to appoint a Liquidating Agent to manage the liquidation of the Fund.

Additionally, the Normandy Real Estate Fund IV, LP (“**Fund IV**”) limited partnership agreement was amended on June 30, 2022, as follows: the Asset Management Fee will be based on net equity invested, through the period June 30, 2022; (ii) beginning on July 1, 2022, the Asset Management Fee shall be calculated on the lesser of (a) net asset value or (b) net equity invested; and (iii) to aid in the fair market valuation of the assets to determine the Fund net asset value, the General Partner will obtain a third-party MAI appraisal for the year that an asset becomes leased at or above 85% and annually thereafter for each such asset.

**Incentive Distributions**

Each General Partner is entitled to receive an incentive distribution (the “**Incentive Distribution**”) which is calculated and charged based on a share of the net cash proceeds distributed by the Fund to its investors, after reaching certain distribution hurdles as disclosed in each Fund’s Governing Documents. The Incentive Distribution percentage will generally increase as distribution hurdles to each Fund Account’s investors are met. If such distribution hurdles are not met, then the Incentive Distribution will not be charged. The performance-based Incentive Distributions described above comply with Rule 205-3 under the Advisers Act. Incentive Distributions paid to the General Partners are separate and distinct from the Asset Management Fees charged by Cannon Hill for investment advisory services. Performance-based Incentive Distribution amounts, hurdles and method of calculation are specific to each Fund as disclosed in each Fund’s Governing Documents.

**Other Revenue**

Cannon Hill (or its affiliates) receives compensation for providing property management, property-level accounting, construction/development/project management, leasing and other real estate related services to certain Funds and third-parties. Such services are negotiated at arms-length market prices as discussed further under *Expenses* below.

Cannon Hill has a profit-sharing agreement with a non-affiliated third-party that entitles Cannon Hill to receive 55% of the net profits derived for cleaning and engineering services provided to certain Fund properties as deemed appropriate. Details regarding how the Firm addresses conflicts of interest are described in Item 11.

**Expenses**

The Funds generally bear all legal and other expenses incurred in the formation of the Funds pursuant to each Fund’s Governing Documents.

The Funds bear all expenses incurred at the property level and related to their operations, including, but not limited to, property management, development, construction, leasing, property-level accounting services and other related services. The Funds will also bear the costs of travel, fees and other out-of-pocket expenses directly related to the pursuit and diligence of investment opportunities (whether or not consummated); research and marketing; the acquisition, ownership, management, financing, hedging or sale of its investments; taxes; fees of auditors; fees of legal counsel; expenses of any advisory board or investment committee; property-related insurance; litigation expenses; indemnification expenses; expenses associated with the accounting, preparation and distribution of reports to investors; and any extraordinary expenses.

Although the Firm’s affiliates usually provide these services, the Funds are permitted to retain third parties for necessary services relating to the assets held by the Funds, including any property-level accounting, fund administration, management, development, construction, leasing, brokerage, consulting, appraisal, artisan, repair or custodian services and other property management services.

Cannon Hill and its affiliates provide such services on an arms-length basis on terms that are no less favorable to the Funds and/or underlying real estate assets than those that could be obtained from unaffiliated third parties. To confirm charges are arms-length, Cannon Hill refers to independent publications, relies on the industry knowledge of the Firm’s professionals, refers to independent publications and disclosures of the fees for such services by other service providers, and relies on other independent sources. Through one or more affiliated entities or related persons, Cannon Hill provides property management,

development, construction, leasing, and property accounting services to the Funds' portfolio investments for a fee. The amounts of any such fees incurred are disclosed in the respective Funds' annual audit report. When providing property management services to Fund real estate investments, Cannon Hill or an affiliate receives reimbursement for the salaries of property management and property accounting personnel employed by an affiliate, including a share of such employee's benefits and bonus. Cannon Hill also receives reimbursement for specific overhead expenses, including but not limited to, IT services, accounting software and outsourced accounting operations, and market research subscriptions.

In general, Co-Investors shall, with respect to any co-investment opportunity, pay their own separate out-of-pocket expenses or fees with respect to any due diligence, legal or accounting review and the administration, management, and disposition of such co-investment opportunity. Notwithstanding the foregoing, in certain circumstances, fees, costs or expenses related to co-investments that are not ultimately consummated, such as broken-deal expenses and reverse break-up fees, may not be borne by Co-Investors. Any such broken-deal expenses not borne by Co-Investors will be considered expenses of, and be borne by, the relevant Fund, which payments would reduce the Fund's returns.

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

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Each Fund is structured such that the General Partner receives a performance-based Incentive Distribution, if certain performance hurdles are met, as described under Item 5 above. Performance-based fee arrangements create an incentive for us to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. Any potential conflict in this area will be monitored by the CCO. Each Fund has an Investment Committee that follows a process to review and approve the suitability of all investments.

The Funds launch sequentially and do not compete for investment opportunities. As of the date of this filing, the Funds are closed to new investments; therefore, there has been no conflict regarding the allocation of new investments among the existing Funds. In making its investments, each Fund invests through either multi- or single-asset investment vehicles. In the future, should an investment opportunity be appropriate for more than one Fund, Cannon Hill will follow its allocation policies regarding the allocation of investment opportunities between or among the Funds, as applicable.

#### **Item 7: Types of Clients**

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Cannon Hill serves as the investment adviser to the Funds. The Funds are privately offered, primarily to institutional investors and high net worth individuals. Interests in the Funds are purchased only by certain eligible investors who are "qualified purchasers" for purposes of Section 3(c)(7) of the Investment Company Act, as amended, and "accredited investors" as defined in Regulation D under the Securities Act of 1933, as amended (the "**Securities Act**").

We require Fund investors to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment.

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

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***Methods of Analysis and Investment Strategies***

Cannon Hill pursues growth through a value-added investment strategy primarily focused on repositioning and developing best-in-class office, multi-family, industrial and life sciences properties in central business districts and transit-served submarkets of New York City, Boston, and Washington, D.C. The strategy seeks to capitalize on Cannon Hill's highly developed relationship network, local presence, sourcing capabilities, experience and fully-integrated real estate operating platform in the value-add office sector to identify underperforming assets and reposition them to "like new," core properties at a discount to replacement cost.

Cannon Hill seeks to execute its investment strategy by:

- Leveraging relationships to originate limited competition transactions;
- Redeveloping/repositioning office and mixed use to highly efficient, sustainable buildings in highly-amenitized, transit-oriented submarkets;
- Pursuing value-add investments across a "balanced" risk spectrum to achieve diversification and targeted returns;
- Utilizing its integrated operating platform to create value and mitigate risk; and
- Focusing on profitable dispositions and the timely return of capital to the Fund investors.

Cannon Hill believes that its capital markets and operational experience, coupled with Senior Management's extensive network of relationships with leasing brokers, tenants, owners, lenders, special servicers, funds, and insurance companies, will enable the Firm to source off-market and limited competition transactions.

***Risk of Loss Factors***

The investment strategies that we employ involve significant risks that Funds and investors should be prepared to bear. The following summary does not purport to include every risk; rather it focuses upon those risks that are generally associated with our investment strategy and philosophy. An investment in a Fund is speculative and involves a high degree of risk, including the risk that the entire amount invested may be lost. For a more detailed discussion of the risks associated with our investment strategy, investors should review the discussion of risks provided in the relevant Fund's Governing Documents.

***General Real Estate Considerations***

Investments in real estate and real estate-related entities are subject to various risks, including, for example, adverse changes in national and international economic and geopolitical conditions, local market conditions and the financial conditions of tenants; changes in the number of buyers and sellers of properties; increases in the availability of supply of property relative to demand; changes in availability of financing; increases in interest rates, real estate tax rates, energy prices, and other operating expenses; changes in environmental laws and regulations, zoning laws and other governmental rules and policies; changes in the relative popularity of properties; risks due to dependence on cash flow; risks and operating problems arising out of the presence of certain construction materials, as well as acts of God, uninsurable



losses and other factors which are beyond the control of the Firm. In addition, real estate is subject to long-term cyclical trends that give rise to significant volatility in real estate values.

#### *Risks of Acquisition Activities*

The Firm intends to acquire existing office and mixed-use properties to the extent that they can be acquired on advantageous terms and meet our investment criteria. Acquisitions of commercial office and mixed-use sector properties entail general investment risks associated with any real estate investment, including the risk that investments will fail to perform as expected and that estimates of the cost of improvements to bring an acquired property up to standards established for the intended market position may prove inaccurate. Cannon Hill's acquisition activities and their success are exposed to the following risks:

- We may be unable to acquire a desired property because of competition from other well capitalized real estate investors, including both publicly traded real estate investment trusts and institutional investment funds;
- Even if we enter into an acquisition agreement for a property, such an agreement would typically be subject to customary conditions to closing, including satisfactory completion of due diligence investigations;
- Even if we are able to acquire a desired property, competition from other real estate investors may significantly increase the purchase price paid;
- We may be unable to finance acquisitions on favorable terms;
- Acquired property may fail to perform as we projected;
- Our estimates of the costs of repositioning, retreating or refurbishing acquired properties may be inaccurate; and
- The existing tenants may be unable to make lease payments and we may be unable to attract and retain tenants on favorable terms.

The Funds may acquire properties subject to known or unknown liabilities and with limited or no recourse. As a result, if a liability were asserted against a Fund based upon such properties, the Fund or a related entity might have to pay substantial sums to dispute or remedy the matter, which could adversely affect the value of the Fund. 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.

#### *Risks Relating to Debt Investments*

The Funds may invest in mortgage loans, mezzanine debt or other indebtedness secured by real property or interests in entities owning real property, some, or all of which may be in default or obligations of borrowers in financial distress. In addition to the risks of borrower default, the collateral may be mismanaged or otherwise decline in value during periods in which we are seeking to obtain control of the underlying real estate. It is possible that we may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased or originated by us. The foreclosure process 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 lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states, foreclosure actions can take up to several years to conclude. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, staying the foreclosure action and further delaying the foreclosure process. Investments in assets

operating in workout modes under Chapter 11 of the Bankruptcy Code, or the equivalent in non-U.S. jurisdictions, are, in certain circumstances, subject to certain additional potential liabilities which may exceed the value of our original investment. For example, under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or counterclaims may be filed, and lenders may be found liable for damages suffered by various parties as a result of such actions. In addition, under certain circumstances, payments to the Firm and distributions by the Firm to its investors may be reclaimed to the extent that any such payment or distribution originated with a troubled asset and is later determined to have been a fraudulent conveyance or preferential payment.

Bankruptcy laws may delay the ability of Cannon Hill to monetize its collateral for loan positions held by it or may adversely affect the priority of such loans through doctrines such as equitable subordination or may result in a restructure of the debt through principles such as the “cramdown” provisions of the bankruptcy laws.

#### *SOFR Risk.*

London Interbank Offered Rate (“LIBOR”) has typically been used as the benchmark rate. LIBOR is being phased out and several replacement benchmark rates to LIBOR are currently being discussed, with the use of the secured overnight financing rate (“SOFR”), which appears to be the most likely alternative to the use of LIBOR. The transition to SOFR may adversely impact the pricing, liquidity, value or, and return on securities, and there may be significant uncertainty regarding the effectiveness of SOFR as a benchmark rate, including SOFR ultimately being lower than market expectations. The use of SOFR may also lead to a reduction in value of LIBOR-based securities if LIBOR is more difficult to ascertain or does not reflect current market returns.

#### *Redevelopment Risks*

Some assets that we acquire require redevelopment in order to meet our investment strategy. Redevelopment activities are subject to risks, including, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, public and private opposition to projects, unexpected increases in cost, delays in the completion of construction and the possibility that construction or permanent financing may not be available on favorable terms. In addition, redevelopment activities may not be completed within budget or on schedule because of cost overruns, work stoppages, shortages of building materials, the inability of contractors to perform their obligations, defects in plans and specifications or other factors. Any delay in completing the redevelopment of an asset may result in increased interest and costs and the potential loss of previously identified purchasers or tenants. If any of these risks should occur, they could result in substantial unanticipated delays or expense and, under certain circumstances, could prevent completion of a development or redevelopment opportunity once undertaken, any of which could have a material adverse effect on the Firm and on the amount of funds available for distribution by the Firm.

#### *Environmental Risks*

Under various federal, state, and local environmental laws, ordinances, and regulations, a current or previous owner or operator of real estate will be required to investigate and clean up any hazardous or toxic substances or petroleum product releases at such property and may be liable to a governmental entity or to third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with contamination. These laws typically impose clean up responsibility and liability without regard to whether the owner knew of, or caused the presence of, the contaminants, and the liability under such laws

has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances or the failure to properly remedy the contamination on such property will adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. Persons who arrange for the disposal or treatment of hazardous or toxic substances or petroleum products at a disposal or treatment facility may also be liable for the costs of removal or remediation of a release of hazardous or toxic substances or petroleum products at such disposal or treatment facility, whether or not the facility is owned or operated by such person. In certain circumstances, third-party lenders which have directed or had an active involvement in the environmental compliance activities or the day-to-day management of a borrower's facilities or which have taken possession of, or title to, such borrower's collateral may be liable for the costs of removal or remediation of a release of hazardous or toxic substances or petroleum products at the facility. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with contamination. In addition, the owner of a site will be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. In connection with its ownership and operation of real estate, we will incur liability for such costs. Certain federal, state and local laws, regulations and ordinances govern the removal, encapsulation or disturbance of asbestos-containing materials ("**ACMs**") when such materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a building. These laws will impose liability for release of ACMs and will provide for third parties to seek recovery from owners or operators of real property for personal injury associated with ACMs. In connection with its ownership and operation of real estate, the Firm will incur liability for such costs. Additionally, changes in environmental laws or in the environmental condition of an asset will create liabilities that did not exist at the time of acquisition and that could not have been foreseen.

In connection with Cannon Hill's debt investments, the Firm will incur liability for environmental costs if it takes possession of a borrower's collateral.

#### *Valuation of Fund Interests and Investments*

There is no actively traded market for the real estate investment interests owned by the Funds. When estimating fair value, Cannon Hill will apply a methodology based on its best judgment that is appropriate in light of the nature, facts, and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of Cannon Hill. However, the process of valuing real estate investments for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such real estate investments. Cannon Hill's estimation of fair value may differ from the price at which such real estate investment may ultimately be sold. Because there is inherent uncertainty as to the valuation of illiquid investments, the values of such investments may not necessarily reflect the values that could actually be realized by a Fund. Under certain conditions a Fund may be forced to sell investments at lower prices than it had expected to realize. Additionally, a Fund may defer the planned timing for the sale of an asset. Under limited circumstances, Fund may not have access to all material information relevant to a valuation analysis with respect to an investment. As a result, the valuation of a Fund's portfolio investments, and as a result the valuation of the interests in the Fund's themselves, may be based on imperfect information and is subject to inherent uncertainties. Third-party pricing information may at times not be available regarding certain of a Fund's assets. The exercise of discretion by Cannon Hill in valuing its Funds and assets gives rise to conflicts of interest since valuations impact Cannon Hill's track record. In

conjunction with the June 30, 2022 management buyout consent by the Normandy Real Estate Fund III, LP ("Fund III") limited partners, Fund III, (i) the Fund term was extended to June 30, 2023 and no asset management fee is payable after 12/31/2023; and (ii) in the event any assets have not been liquidated by the General Partner by July 1, 2023, the Advisory Board shall have a right to appoint a Liquidating Agent to manage the liquidation of the Fund. Additionally, in conjunction with the June 30, 2022, management buyout consent by the Normandy Real Estate Fund IV, LP ("Fund IV") limited partners, the Fund IV Asset Management Fee calculation commencing third quarter of 2022 will be calculated based on the lower of Fund IV net asset value or net equity value as defined in the consent.

#### *Illiquidity of Investments*

It is unlikely that there will be a public market for many of Cannon Hill's investments. We generally will not be able to publicly sell our investments held in the form of securities unless their sale is registered under applicable federal and state securities laws, or unless an exemption from such registration requirements is available. In some cases, we may be prohibited by contract from selling investments for a period of time. In addition, generally, real property assets such as the types of investments held by Cannon Hill, will require a substantial length of time to liquidate as opposed to exchange traded securities. In particular, no assurances can be given that all Firm investments will be able to be liquidated prior to the scheduled expiration of the term of the respective Funds.

#### *Casualty Losses and Uninsured Losses*

The Funds maintain insurance on each of the property(ies) acquired, including liability, fire, and extended coverage, in amounts believed appropriate relative to the risks to those properties, subject to applicable deductibles. There are certain types of losses, however, generally of a catastrophic nature, including those due to earthquakes, floods, hurricanes, pandemics, and other acts of God, which may be uninsurable or not economically insurable. Inflation, changes in building or zoning codes and ordinances, environmental considerations, and other factors will also make it infeasible to use insurance proceeds to replace an asset if it is damaged or destroyed. Under such circumstances, the insurance proceeds received by a Fund might not be adequate to restore its economic position with respect to the affected asset. In these extreme cases, a Fund will need to initiate litigation in order to collect from an insurance provider, which will be lengthy and expensive, and which ultimately may not result in a financial award.

#### *Cybersecurity*

The operations of Cannon Hill, their affiliates and/or the Funds are dependent on technology and communication systems which are susceptible to cyber security risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction, or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to systems; and compromises to the Firm's networks or devices. Cyberattacks against or security breakdowns of Cannon Hill or its service providers will adversely impact Cannon Hill and its Funds. Cannon Hill incurs costs for risk management of cybersecurity. Cannon Hill cannot control any cybersecurity plans or systems implemented by its service providers. There can be no assurance that Cannon Hill or its Fund(s) will not suffer losses relating to cyberattacks or other information security breaches in the future.

#### *Economic Conditions, Occupancy Rates and Creditworthiness of Tenants*

Changes in economic conditions, including, for example, interest rates, inflation rates, currency and exchange rates, industry conditions, supply-chain disruptions, economic sanctions, competition, technological developments, trade relationships, political and diplomatic events

and trends, tax laws and innumerable other factors, can affect substantially and adversely the investment performance of holdings. Economic, political, and financial conditions, or industry or economic trends and developments, may, from time to time, and for varying periods of time, cause volatility, illiquidity, or other potentially adverse effects in the financial markets. Economic or political turmoil, a deterioration of diplomatic relations or a natural or man-made disaster in a region or country may result in adverse consequences to Funds' portfolios. None of these conditions is or will be within the control of Cannon Hill, and no assurances can be given that Cannon Hill will anticipate these developments.

A Fund's performance relies heavily on our ability to maintain high occupancy rates with creditworthy tenants at the assets. Several economic factors, including increases in interest rates, will adversely affect the financial condition and liquidity of many tenants, as well as the demand for office space generally. Should economic conditions worsen, our tenants' ability to honor their contractual lease obligations will suffer. Further, it may become increasingly difficult to maintain our occupancy rates and achieve future rental rates comparable to the rental rates of in-place leases as we seek to re-lease space and/or renew existing leases.

As of the beginning of 2023, there is an especially high degree of economic uncertainty given elevated inflation, a rapid increase in interest rates by Central Banks, and a high level of geopolitical uncertainty in Europe and Asia. The likelihood of a recession, and the magnitude of any such recession, is highly uncertain and would have significant implications across asset classes, particularly if a recession occurs and is of significant magnitude or duration. In addition, due to the recent bank failures, there is a risk of loss of deposits in excess of \$250,000, risks surrounding liquidity concentration, systemic risk regarding the failure of other banks, and increased compliance costs associated with diversifying deposits among multiple banks. Additionally, as a result of the foregoing, credit conditions are likely to tighten and accessing credit will likely become more difficult, which in turn could negatively impact investment opportunities and outcomes.

#### Custody Risk

The Firm is required to maintain certain Fund assets with a qualified custodian. The Firm or Funds may incur a loss on securities and cash held in custody in the event of a custodian's or sub-custodian's insolvency, negligence, fraud, poor administration, or inadequate recordkeeping. Generally, deposits maintained at a bank do not become part of a failed bank's estate however, the Firm's operations could be impacted by the bank's insolvency in that there may be a delay in access to liquidity, trade settlement, delivery of securities, or the uninsured loss of deposits or other financial assets, etc. Establishing multiple custodial relationships could mitigate custodial risk in the event of a bank failure.

#### Counterparty Risk

The Firm and Funds may be subject to credit and liquidity risk with respect to the counterparties. Exposure to credit and liquidity risk from counterparties can occur through a wide range of activities when dealing with, including but not limited to, service providers, banks, brokers, insurance providers, trading counterparties, portfolio investments, prospective portfolio investments, or other entities. Should a counterparty become bankrupt or otherwise fail to perform its obligations under a contract due to financial difficulties, there may be significant delays in obtaining any or limited recovery under a contract in a bankruptcy court or other reorganization proceeding. The lack of any independent evaluation of such counterparties' financial capabilities, and the absence of a regulated market to facilitate settlement or provide access to capital will increase the potential for losses by the Firm and Funds especially during unusually adverse market conditions.

Regulatory Risk under the Advisers Act

Cannon Hill and certain of its affiliates operate in a heavily regulated environment and are subject to the requirements of the Advisers Act and the rules thereunder. In 2022 and 2023, the SEC proposed numerous amendments to the Advisers Act rules, which are likely to present a number of significant compliance challenges for investment advisers.

These proposals include amendments to:

- Enhance certain private fund reporting on Form PF;
- Create a specific framework for due diligence and recordkeeping requirements applicable to the oversight of service providers;
- Require adoption of an incident response program under Regulation S-P to safeguard customer records and information and to notify affected individuals whose sensitive information has been accessed or used without authorization;
- Implement enhanced cybersecurity safeguards, including (i) the adoption of certain policies and procedures, (ii) reporting significant cybersecurity incidents to the SEC, (iii) disclosure of cybersecurity risks and incidents to clients and prospects and (iv) maintenance of related records;
- Substantially expand private fund reporting including (i) new prohibitions on certain conflicted activities (including the charging of certain fees and expenses such as accelerated monitoring fees and the non pro rata allocation of broken deal expenses), (ii) new prohibitions on preferential treatment relating to redemptions and fund and investment information and increased transparency on other types of preferential treatment, (iii) new quarterly statements to investors on performance, fees and expenses, and adviser and related person compensation, (iv) enhanced annual audit requirements, and (v) new requirements relating to adviser-led secondary transactions (including a requirement to obtain a fairness opinion);
- Introduce expansive requirements to address and enhance investor disclosure practices, and related policies and procedures, regarding Environmental, Social and Governance (“ESG”) investment considerations and objectives; and
- Transform Rule 206(4)-2 (the “Custody Rule”) under the Advisers Act into a new Rule 223-1 (the “Safeguarding Rule”), which would, if adopted as proposed, profoundly broaden requirements.

Other RisksLegal, Tax and Regulatory Risk

Cannon Hill and certain Funds are subject to legal, tax and regulatory oversight. In the future, there may be legislative, tax and regulatory changes that may apply to the activities of Cannon Hill that may require material adjustments to the business and operations or have other material adverse effects on Funds. Any rules, regulations and other changes may result in increased costs and reduced investment opportunities, all of which may negatively impact the performance of the Funds. Future legal, tax and regulatory changes could occur that may



adversely affect business and require additional reporting for registered investment advisers. The SEC, other regulators and self-regulatory organizations and exchanges have taken various extraordinary actions in connection with market events and may take additional actions. Registered investment advisers may also be adversely affected by changes in the enforcement or interpretation of existing laws, rules, and regulations, including tax laws, by federal, state, and non-U.S. agencies, courts, authorities, or regulators.

#### *Litigation Risk*

The Funds may be subject to third-party litigation, which could give rise to legal liability and could have an adverse effect on the Funds. If a Fund were to be found liable in any suit or proceeding, any associated damages and/or penalties could have an adverse effect on the value and performance of the Fund.

#### *Epidemic or Pandemic Outbreak*

An epidemic or pandemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, including Cannon Hill's business, and could adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. Cannon Hill has policies and procedures to address known situations, but because a large epidemic or pandemic will create significant market and business uncertainties and disruptions, not all events that could affect Cannon Hill's business and/or the markets can be determined and addressed in advance. While COVID-19 vaccinations are being distributed internationally and there is reason to believe the COVID-19 pandemic may be contained in the near-term, we acknowledge there can be no assurance this will be the case as new strains of the virus are being discovered and, in the meantime, global equity, bond and credit markets may continue to be adversely affected. Such continued disruption as a result of the COVID-19 epidemic has adversely affected, in varying degrees, the Funds' projected returns, operating results and/or financial condition. Cannon Hill has reviewed and updated real estate valuations to reflect the actual or potential impact of COVID-19 on Fund real estate investments.

#### *Russian Invasion of Ukraine*

In February 2022, Russia mobilized and commenced military operations in Ukraine resulting in a large-scale conflict within the country and the surrounding border regions. The effects, scale, and impact of this conflict on Ukraine, Russia and other countries is highly uncertain and cannot be predicted. The United States and other global leaders have announced economic sanctions against Russia and it is unclear whether further sanctions and/or military responses will be implemented. Effects on the global economy and trading markets resulting from the military operations and economic sanctions connected to the Russia-Ukraine conflict are uncertain and impossible to predict. Presently, none of the Funds have investments in Russian or Ukraine and presently have limited exposure to events there. However, it is difficult to predict the outcome of these events, and they could negatively affect the value and liquidity of the Fund's investments due to the interconnected nature of the global economy and capital markets.

**THIS LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN CONNECTION WITH THE ADVISER'S INVESTMENT OR THE MANAGEMENT OF FUNDS ACCOUNTS. IN ADDITION, PROSPECTIVE FUNDS SHOULD BE AWARE THAT, AS THE MARKET DEVELOPS AND**

**CHANGES OVER TIME, INVESTMENTS OF BEHALF OF FUNDS ACCOUNTS MAY BE SUBJECT TO ADDITIONAL AND DIFFERENT RISKS.****Item 9: Disciplinary Information**

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Neither Cannon Hill nor its affiliates have been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of Cannon Hill have been subject to such action.

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

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As noted under Item 4, Cannon Hill is affiliated and under common control with the Funds' General Partners, which include: Maple 575 Lex Co-Invest GP, LLC; Maple 80 Maiden Co-Investment GP, LLC; NREF III Maple 80 Maiden Investor, LLC; NREF IV Terminal Member LLC; Normandy Real Estate Fund III GP, LLC; Normandy Real Estate Fund IV GP, LLC.

Neither Cannon Hill nor any of its affiliates are registered as a broker-dealer or a registered representative of a broker-dealer, nor does the Firm have a pending application for either.

Neither Cannon Hill nor any of its affiliates are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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

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***Code of Ethics and Personal Trading***

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a Code of Ethics and Employee Investment Policy (the “**Code**”) that establishes our standards of business conduct we require of our employees, reflecting our and their fiduciary obligations and requiring employees to comply with applicable federal securities laws. Additionally, the Code includes various procedures with respect to our employee’s personal trading, i.e., investment transactions in accounts (“**Covered Accounts**”) in which any of our employees has discretionary investment authority or exercises direct or indirect influence or control. The spirit of the Code is to discourage frequent trading in employee personal accounts and restrict trading in certain real estate-related securities, including real estate investment trusts (“**REITs**”).

Employees must obtain the CCO’s pre-approval prior to transacting in their Covered Account(s) in any REIT securities, any security in any initial public offering (“**IPO**”) and/or a “**Limited Offering**”.

Covered Account brokerage statements are subject to review by Cannon Hill’s CCO. These records are used to monitor compliance with the foregoing policies.

Additionally, the Code also includes an insider trading policy designed to deter and detect the misuse of material non-public information and other procedures intended to avoid or mitigate conflicts of interest between clients and Cannon Hill employees in connection with personal securities transactions.

***Employee Participation or Employee Interest in Fund Transactions***

Certain employees and affiliated entities receive a portion of Incentive Distributions, if charged. As such, Cannon Hill could be considered to have recommended to Funds that they buy or sell investments in which Cannon Hill or a related person has some financial interest.



**Other Potential Conflicts of Interest**

Cannon Hill, its General Partners, affiliated parties, and certain employees have made and will continue to make capital commitments to the Funds, and as such, have a direct financial interest in the transactions of the Funds. Investments by such related parties are intended to align the interests of Cannon Hill and the related parties with those of the Funds; however, such investments create conflicts of interest. To address such conflicts, the investment arrangements are described and agreed upon in each of the Fund's Governing Documents. Investments in a Fund by affiliated parties and/or employees are pre-approved by the CCO.

**Allocation of Expenses:** Cannon Hill, its affiliated entities, or related persons from time to time incur expenses on behalf of the Funds as described in Item 5. Cannon Hill has procedures in place to document the source of expenses, review and allocate such expenses on an equitable basis and ensure such expenses are negotiated at an arm's length basis.

**Performance-based Incentive Distribution:** Refer to Item 6 regarding conflicts created by performance-based Incentive Distributions.

**Allocation of investment opportunities:** Refer to Item 6 regarding conflicts and the allocation of investment opportunities.

**Profit-sharing agreements:**

Cannon Hill has a profit-sharing agreement with a non-affiliated third-party that entitles Cannon Hill to receive 55% of the net profits derived for cleaning and engineering services provided to certain of the Funds' properties.

Also, see Item 4 for additional information regarding affiliated service providers. Cannon Hill evaluates the services and costs performed by the aforementioned service providers to determine ongoing engagement.

**Item 12: Brokerage Practices**

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Cannon Hill does not generally invest in publicly traded securities and therefore we do not select broker-dealers on a regular basis. If required to select a broker-dealer for transactions by a Fund, we will seek best execution and make the selection based on a combination of cost, execution capability, and trading expertise consistent with the transaction.

**Item 13: Review of Accounts**

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**Review of Accounts**

The Funds managed by the Firm are reviewed on an ongoing basis to assure conformity with investment objectives and guidelines.

**Reporting**

In addition to receiving periodic reports from Cannon Hill, such as quarterly unaudited financial statements, each investor will receive the relevant Fund's audited financial statements,

together with other supplemental information pertaining to the Fund's portfolio of investments and activities, within 120 days of such Fund's fiscal year end.

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

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***Compensation for Client Referrals***

Cannon Hill is subject to the newly amended Rule 206(4)-I under the Advisers Act, the new **"Marketing Rule"**. Cannon Hill does not currently have any agreements in place with third-party placement agents whereby Cannon Hill would pay a placement agent a portion of the asset management fee it receives with respect to a solicited investor's investment in a Fund. Cannon Hill may engage a third-party placement agent at any time.

If Cannon Hill does enter into an agreement with a third-party placement agent, such third-party would likely receive compensation for their services. The fees paid to these third-party placement agents do not result in an increase in the fees charged to or expenses incurred by our Funds or investors.

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**Item 15: Custody**

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Rule 206(4)-2 under the Advisers Act (the "Custody Rule") imposes certain obligations on registered investment advisers that have "custody" of (meaning the authority to obtain and use) the funds or securities of our Funds.

We have custody of each Fund's assets primarily because we (or our affiliate) serve as general partner or managing member of each of the Funds.

Secondly, the investments that Cannon Hill makes on behalf of the Funds are primarily related to the acquisition and development of interests in real estate, and in entities that own and operate real estate developments. Accordingly, we maintain possession of the vast majority of the documentation that demonstrates our Funds' ownership interest in these investments. We hold cash and other liquid assets of the Funds in custodial accounts in the name of the specific Fund.

Finally, under our Operating Agreements, we direct Asset Management Fees and Incentive Distributions to be paid out of the Funds' accounts.

For each of the above reasons, we have custody of Fund assets.

To comply with Rule 206(4)-2 under the Advisers Act, the **"Custody Rule"** we provide all Fund investors with audited financial statements for the Funds in which they are invested within 120 days of such Fund's fiscal year end. In addition, the audited financial statements must be 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. Investors should carefully review the audited financial statements of the Funds.

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**Item 16: Investment Discretion**

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Subject to any restrictions set forth in a Fund's Operating Agreement, we generally have discretionary authority pursuant to the applicable Operating Agreement to make the following determinations without obtaining the consent of any Fund or investor before the transactions are effected:

- The properties that are to be bought, sold, or refinanced and when the properties are to be bought, sold, or refinanced;
- The brokers, investment banks or placement agents through which properties are to be bought or sold; and
- The commissions, fees, or other rates at which property transactions for a Fund are effected.

Cannon Hill does not manage assets on a non-discretionary basis.

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**Item 17: Voting Client Securities**

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We are rarely asked to vote proxies because of the nature of our business. If we are asked to vote a proxy or corporate action, we will make a determination, in our opinion, as to what vote is in the best interest of the Fund(s). We will maintain a written record of any proxy/corporate action on which we vote.

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**Item 18: Financial Information**

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet our contractual and fiduciary commitments to Funds and have not been the subject of a bankruptcy proceeding.