

**Form ADV Part 2A: FIRM BROCHURE**



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**March 31, 2023**

This brochure ("Brochure") provides information about the qualifications and business practices of Cortland Investment Management, LLC (the "Investment Manager"). If you have any questions about the contents of this Brochure, please contact us at (404) 965-3988 or [compliance@cortland.com](mailto:compliance@cortland.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

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

## Item 2 – Material Changes

Since the Investment Manager’s last annual brochure (the “Brochure”) filing dated March 31, 2022, the Investment Manager has launched a new fund, the Cortland Enhanced Value Fund VI, L.P.

The Investment Manager routinely makes changes throughout its Brochure to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry and firm practices. In this year’s filing, the following Items have been updated, in addition to certain immaterial changes and/or conforming changes related to the following:

- Item 4: updated to reflect regulatory assets under management as of December 31, 2022;
- Item 5: updated to reflect fees and expenses associated with the new fund; and
- Item 8: updated to reflect certain risk factors and conflicts of interest associated with the new fund.

### Item 3 – Table of Contents

Item 2 – Material Changes.....	ii
Item 3 – Table of Contents .....	iii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation.....	4
Item 6 – Performance-Based Fees and Side-By-Side Management.....	13
Item 7 – Types of Clients.....	15
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	16
Item 9 – Disciplinary Information .....	57
Item 10 – Other Financial Industry Activities and Affiliations.....	57
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading...59	
Item 12 – Brokerage Practices.....	62
Item 13 – Review of Accounts .....	63
Item 14 – Client Referrals and Other Compensation.....	64
Item 15 – Custody .....	64
Item 16 – Investment Discretion.....	65
Item 17 – Voting Client Securities.....	65
Item 18 – Financial Information .....	66

## Item 4 – Advisory Business

### Firm Description

Cortland Investment Management, LLC (together with its general partners and relying advisers (unless otherwise specified), the “Investment Manager”), a Delaware limited liability company, is a real estate investment advisory firm headquartered in Atlanta, Georgia with offices in Charlotte, Dallas, Denver, Houston, Orlando and Greenwich, Connecticut. Cortland is a vertically integrated investment management and operating platform with expertise in the acquisition, development, asset management and property management of multifamily properties.

The Investment Manager’s parent company, Cortland Holdings, LLC was founded in 2005 (“CH”). CH, together with its subsidiaries and CH’s affiliate, Cortland Partners, LLC and its subsidiaries (“CP”) are subsidiaries of CIOPS Consolidated Holdings, LLC (the “Parent Company”). The registrant, Cortland Investment Management, LLC, was founded in 2018 to act as the investment adviser to the Funds (as defined below). At times, this Brochure references “Cortland” generally. Cortland is a brand identifier for a family of companies that invests in, owns, develops and manages multifamily apartment communities and provides certain ancillary services in connection therewith. References to “Cortland” also includes the Parent Company and its relevant subsidiaries, including, without limitation, the Investment Manager.

The Investment Manager currently acts as an investment adviser for and provides discretionary investment advisory services to two types of real estate investment fund products, all exempt from registration under the Investment Company Act of 1940, as amended, (“Investment Company Act”): (i) the opportunistic funds, Cortland Partners Fund II, LLC (“Fund II”), Cortland Partners Fund III, LLC (“Fund III”), Cortland Partners Fund IV, LLC (“Fund IV”), Cortland Enhanced Value Fund V, L.P. (“Fund V”) and Cortland Enhanced Value Fund VI, L.P. (“Fund VI”) (collectively, the “Opportunistic Funds”) and (ii) an income fund, (Cortland Growth and Income, L.P. (the “Income Fund”). The Opportunistic Funds and the Income Fund intend to rely on and qualify for the exclusions from the definition of “investment company” set forth in Sections 3(c)(7), 3(c)(5)(c) and/or 3(c)(6) of the Investment Company Act. The Investment Manager also acts as an investment adviser to co-investment special purpose vehicles established to invest alongside a fund in a single asset or portfolio investment (“Co-Investment Funds” and collectively with the previously mentioned funds, the “Funds”).

Each Fund is affiliated with either (i) a general partner or (ii) a manager, which is a “relying adviser” (collectively, the general partners and relying advisers, the “General Partners”), in each case which have the authority to make investment decisions on behalf of the Funds. The General Partners are deemed registered under the Investment Advisers Act of 1940, as amended (“Advisers Act”), pursuant to the Investment Manager’s registration in accordance with SEC guidance. The applicable General Partner of each Fund retains investment discretion and investors in the Funds do not participate in

the control or management of the Funds. While the General Partners maintain ultimate authority over the respective Funds, the Investment Manager has been designated the role of investment adviser. The General Partners are, directly and indirectly, wholly-owned by CP. For more information regarding the Funds, General Partners and relying advisers, please see the Investment Manager's Form ADV Part 1, Schedule D, Sections 7.A.(1) and 7.B.(1) and Schedule R.

### **Advisory Services**

The Investment Manager provides investment advisory services as a real estate fund manager to the Funds. The Funds invest through privately negotiated transactions in multifamily properties located in target growth markets in the United States. The Investment Manager's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing the investment in the properties and achieving dispositions, refinances or other capital transactions with respect to the investment properties. Cortland or its affiliates, including, without limitation, wholly-owned subsidiaries of the Funds, also acts as the managing member or general partner (on behalf of certain Funds and other investment vehicles) for other joint venture partnerships, with respect to which Cortland provides continuous and regular supervisory management or services but which are not securities and therefore are not included in the Investment Manager's Form ADV.

The Investment Manager and its affiliates have created various special purpose entities to facilitate the investments of the Funds. The Opportunistic Fund investments primarily consist of direct or indirect equity investments in partnerships or limited liability companies (referred to as "Subpartnerships") that in turn invest, directly or indirectly, in real estate. Each Subpartnership invests in an existing property to be renovated, developed, operated, sold, or otherwise disposed with the exception of Fund V and Fund VI (each of which invests a minority of its capital commitments in such structure). The Opportunistic Funds invest the majority of their capital commitments through their Subpartnerships in joint ventures with institutional financial partners in which each Opportunistic Fund provides a portion only of each joint venture's equity capital commitments. Target capital commitments for investment in Subpartnerships vary by Fund and are described in each Fund's Governing Documents.

Cortland Investment Management, LLC provides advisory, management, administrative and other services to private pooled investment vehicles and other entities and ventures primarily with respect to direct or indirect investments in multifamily real estate properties, interests and assets. The Investment Manager does not tailor its advisory services to the individual needs of investors in its Funds; the Investment Manager's investment advice and authority for each Fund is tailored to the investment objectives of that Fund. The Investment Manager's investment advice is provided in accordance with the investment objectives, strategies, restrictions and terms and conditions described or set forth in the applicable offering, operating and/or governing documents (the "Governing Documents") and the information in this Brochure is qualified in its entirety by the information set forth in such documents.

Fund investors generally cannot impose restrictions on investing in certain securities or types of securities, other than through side letter agreements. Investors in the Funds participate in the overall investment program for the applicable Fund and generally cannot be excused from a particular investment except pursuant to the terms of the applicable Governing Documents; however, Income Fund investors are permitted certain redemption provisions as specified in the Governing Documents.

In accordance with industry common practice, the Investment Manager has entered into side letters or similar agreements with certain investors, including those who make substantial commitments of capital or were early-stage investors in the Funds or for other reasons in the sole discretion of the Investment Manager, but in each case that have the effect of establishing rights under (including preferential economic terms), or altering or supplementing, a Fund's Governing Documents. Examples of side letter rights entered into include co-investment rights and provisions whereby investors have expressed an interest in participating in co-investment opportunities, advisory board representation, certain fee arrangements, notification provisions, regulatory considerations with regard to specific investors, redemption and opt out rights, reporting requirements and "most favored nations" provisions, among others. These rights, benefits or privileges are not always made available to all investors nor in some cases are they required to be disclosed to all investors, consistent with general market practice. Such side letters are negotiated at the time of the relevant investor's commitment and once invested in a Fund, investors generally cannot impose additional investment guidelines or restrictions on such Fund. There can be no assurance that the side letter rights granted to one or more investors will not in certain cases disadvantage other investors.

### **Principal Owners**

The Investment Manager is a wholly owned subsidiary of Cortland Holdings, LLC, a Delaware limited liability company, which is ultimately majority owned and controlled by Steven DeFrancis and entities controlled by, or under common control with, Mr. DeFrancis. For more information about the Investment Manager's owners and executive officers, see the Investment Manager's Form ADV Part 1, Schedules A and B.

### **Regulatory Assets Under Management**

As of December 31, 2022, the Investment Manager managed approximately \$5.960 billion in regulatory assets under management attributable to private funds, all on a discretionary basis. Cortland, through its affiliates, provides property management services for real estate assets with gross real estate assets under management valued at \$28 billion, which includes (A) assets held by Funds (which reflects the total value of such properties, including any debt and third party equity in interests held through Subpartnerships associated therewith) as well as (B) the full value of assets held together with third-party joint venturers outside of such Funds, irrespective of Cortland's ownership percentage in such assets. Gross real estate assets under management reflects the total value of the various portfolios and properties managed by Cortland.

## Item 5 – Fees and Compensation

Investors in the Funds pay various fees and expenses to the Investment Manager, a General Partner or an affiliate, as detailed in each Fund’s Governing Documents. Investors should refer to the Governing Documents of the applicable Fund for a complete understanding of how the Investment Manager is compensated for its advisory services; the information contained herein is a summary only and is qualified in its entirety by such documents.

### Management Fees

#### *Opportunistic Funds*

The Investment Manager does not receive a management fee in association with Opportunistic Funds II – IV for acting as a manager to the Funds. Rather, the General Partner of the applicable Opportunistic Fund receives carried interest and its affiliates receive compensation from Subpartnerships in which each Fund invests, as well as reimbursements for expenses incurred on behalf of the Funds.

For Fund V and Fund VI, the Investment Manager receives an annual management fee generally payable by Fund V and Fund VI investors equal to 1.5% of capital commitments during the commitment period; following the commitment period, the management fee equals 1.5% of the unreturned capital contributions of such investors, excluding the amounts used to pay management fees. Management fees for Fund V and Fund VI are offset by the amount of acquisition fees paid to Cortland affiliates and the portion of any asset management fees paid by Fund V and Fund VI to a Cortland affiliate. Acquisition and asset management fees are only applicable to “GP Assets” as such terms is defined in Fund V’s and Fund VI’s Governing Documents. Fund V and Fund VI management fees are payable quarterly in advance.

#### *Income Fund*

The Income Fund investors pay the Investment Manager a management fee, paid quarterly in arrears, of up to 1.10%, depending on the size of an investment and time of an investor’s commitment to the Fund, according to the following schedule:

Individual Investor Invested Capital	Annual Percentage of NAV of Units held by such Investor	Annual Percentage of NAV of Units held by Formation Partner Investors
Up to and including \$50 million	1.10%	0.55%
\$50 million up to and including \$100 million	0.90%	

over \$100 million

0.80%

Investors in the Income Fund may withdraw (in whole or in part), subject to a ninety-day written notice prior to the last day of the quarter, unless otherwise determined by the General Partner in its discretion, and subject to various terms as described in the Governing Documents.

### **Management Fee Reductions**

For Fund V, Fund VI and the Income Fund, the General Partner is permitted, in its sole discretion, to waive all or a portion of the management fee. Management fees are generally waived for Cortland employees, their families and affiliates investing in such Funds (but for the avoidance of doubt, such investors generally bear their pro rata share of certain Fund expenses). Similarly, investors in a Co-Investment Fund will generally pay a reduced or no management fee on the co-investment portion of their investment (but for the avoidance of doubt, similar to above, such investors generally bear their pro rata share of certain Fund expenses).

### **Carried Interest**

Each Fund's General Partner is entitled to be allocated carried interest with respect to the Funds. Each Fund's carried interest arrangement differs, and each calculation is further described in the relevant Fund's Governing Documents and more briefly in Item 6 below.

### **Fund Expenses**

Each Fund is governed by its own Governing Documents, which detail a description of expenses for such Fund. While differences exist among Funds, the following is a description of expenses generally charged to each Fund.

#### *Opportunistic Funds II - IV*

The Opportunistic Funds and their Subpartnerships bear all expenses related to their operation, including but not limited to travel costs; visits to the assets; the acquisition, ownership, financing, marketing, valuation and appraisal, advertising or disposition of the Funds' (or its Subpartnership's) investments; expenses in connection with any borrowings of the Funds and/or the Subpartnerships; affiliate expenses; expenses relating to unconsummated transactions (including pursuit costs); consulting, custodial, bookkeeping and accounting fees and expenses; tax advice, tax projections, tax returns and K-1's; the cost of annual audits, insurance, taxes and other governmental fees and charges; officer and director insurance and bonding for handling Fund monies; the costs of verifying distributions, valuations, models and tax allocations; indemnification and insurance expenses; expenses of meetings of members and the advisory board; expenses incurred in connection with any amendments or supplements to Fund agreements or any other related document after the offering

period; fees of legal counsel; litigation expenses; expenses associated with information technology and the preparation and distribution of reports to the members; the expenses for back-office operations described above, all expenses of liquidating a Fund and any extraordinary expenses.

*Income Fund, Fund V and Fund VI*

Investors in the Income Fund, Fund V and Fund VI bear all fees, costs, expenses, liabilities and obligations reasonably incurred by such Fund, a REIT, the Investment Manager, a General Partner, their respective subsidiaries or affiliated entities or other persons authorized to act on behalf of a Fund, a REIT or the Operating Partnership relating to the activities, business and operations of such entities, including, each as applicable:

(i) Organizational and offering expenses incurred in connection with the formation offering up to, but not exceeding, the cap with respect thereto, set forth in the applicable Governing Documents;

(ii) Organization and offering expenses incurred following the formation offering (uncapped);

(iii) All costs and expenses related to a Fund's operations (whether conducted directly or indirectly through its subsidiaries), including, without limitation: (a) legal expenses (including attorney's fees including fees for legal services provided by an in-house function of the Investment Manager or its affiliates in lieu of a third-party service provider that would provide substantially similar services; provided that such services are reasonably allocated among the Funds and any other accounts that utilize such in-house legal services); (b) the management fee, the advisory fee and all third-party fees and expenses of custodians, transfer agents, trustees, third-party administrators (including fees and expenses associated with a Fund's third-party administrator and administration, tracking or reporting software, if any, provided that to the extent such tracking or reporting software is used by multiple Funds, such fees and expenses will be allocated *pro rata* among the Funds based on their respective assets under management), paying agents, corporate agents, auditors, appraisers, tax advisors, consulting (including consulting and retainer fees and other compensation paid to third-party consultants performing investment initiatives and other similar third-party consultants) and similar service providers (including, without limitation, the independent valuation firm and any third party appraisal firms selected thereby); (c) expenses associated with making distributions (including distributions of marketable securities); (d) accounting expenses (provided that to the extent fund accounting services are provided by an in-house function of the Investment Manager or its affiliates in lieu of a third-party service provider that would otherwise provide substantially similar services, a Fund will bear in-house accounting expenses reasonably allocated by the Investment Manager among the Funds and other accounts that utilize such in-house accounting function), including expenses associated with audits (including the costs of independent auditor services and third party vendor price quotations, as well as any taxes, fees and other governmental charges levied against a Fund and all

expenses incurred in connection with any tax audit, investigation settlement or review of a Fund (except to the extent that a Fund is reimbursed) or the preparation of the financial statements and tax returns and the filing of various tax withholding forms and treaty forms on behalf of such Fund, its subsidiaries or any investor therein (including without limitation, the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, other communications with investors, or any other administrative, compliance or Fund-related or investment-related regulatory filings or reports (including Form PF), or other information, including fees and costs of any third-party service providers, distribution agents and professionals related to the foregoing); (e) costs and expenses related to indebtedness of, or guarantees made by, a Fund, the Investment Manager, a General Partner or any investor that is an affiliate of a General Partner on behalf of a Fund (including any credit facility, letter of credit or similar credit support and any cost overrun, completion or payment and performance guaranties), including repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee, as well as financing, commitment, origination and similar fees and expenses; (f) costs and expenses related to the preparation and distribution of reports, including the cost of third-party consultants, accountants or advisors with respect to the preparation of the calculations set forth therein; (g) all expenses associated with internal valuations of a Fund's and its subsidiaries' assets; (h) costs related to risk management services and premiums and fees for insurance to benefit, directly or indirectly, a Fund, its subsidiaries, the advisory board, the Investment Manager, a General Partner and affiliates of a General Partner with respect to liabilities to any person in connection with the affairs of a Fund and its subsidiaries and for directors' and officers' liability insurance or other similar insurance policies, including errors and omissions insurance and financial institution bond insurance (including, without limitation, directors and officers liability, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance (including cyber insurance) and regulatory expenses, including any costs and expenses related to any retention or deductibles and cost and expenses incurred in connection with any third-party compliance consultant); (i) costs and expenses related to investor communications and meetings; (j) costs of actual or threatened litigation, arbitration, mediation or other dispute resolution proceeding involving a Fund or any of its subsidiaries or portfolio investments or other matters that are the subject of any exculpated person's indemnification rights, including, without limitation, advancing fees, costs and expenses incurred by any such exculpated person in defense or settlement of any claim that is subject to a right of indemnification (or similar person's indemnification rights under the Governing Documents of a Fund REIT or the Operating Partnership), and the amount of any discovery costs and expenses, judgment or settlement paid by a Fund or any of its subsidiaries in connection therewith; (k) expenses incurred by the advisory board (including, without limitation, meeting and indemnification costs); (l) expenses incurred in connection with the preparation of amendments to a Fund Governing Documents (or the Governing Documents of a Fund REIT or the Operating Partnership); (m) any costs and expenses with respect to (A) complying with any law, regulation or policy related to the activities of a Fund (including, without limitation, any legal fees and expenses related thereto and any regulatory and filing expenses of a General Partner incurred in connection with the operation of a Fund (including, without limitation, expenses associated with the reporting,

filings or other ongoing compliance requirements contemplated by the rules and regulations of the SEC or the AIFMD (including, without limitation, depository (including any depository appointed pursuant to the AIFMD), Swiss representative and Swiss paying agent (appointed pursuant to the Swiss Collective Investment Schemes Act (as amended) and its implementing ordinance) trustee, record keeping, account and similar services))) and/or (B) any litigation or governmental inquiry, investigation or proceeding involving a Fund, including any costs and expenses of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification; (n) fees and expenses relating to software tools, programs or other technology utilized in managing a Fund and its subsidiaries and researching, managing and monitoring its properties, including, without limitation, third-party software licensing, implementation, data management and recovery services and custom development costs (including, without limitation, developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of a Fund or the investors); (o) interest on and fees and expenses arising out of all borrowings of a Fund; (p) all expenses incurred by a General Partner as a Fund representative or in a similar capacity, including, without limitation, fees of attorneys and other tax professionals, accountants, appraisers and experts, filing fees and reasonable out-of-pocket costs related thereto; (q) printing, communications, marketing and publicity, provided that to the extent such marketing and publicity is used for the benefit of the portfolio investments of multiple Funds, such fees and expenses will be allocated proportionately among such portfolio investments in the relevant markets, (r) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information; (s) any costs and expenses with respect to a defaulting investor in the payment of any capital contributions, (t) any costs and expenses with respect to amendments to, and waivers, consents or approvals pursuant to, the constituent documents of a Fund (and, for the avoidance of doubt, not of a General Partner or the Investment Manager); (u) any costs and expenses with respect to any third-party experts, including independent appraisers, engaged by a General Partner in connection with a Fund considering, making or holding an investment in the same entity as one or more investment vehicles (other than a Fund) managed or controlled by a General Partner or any of its affiliates; (u) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer; (v) any expenses and costs of winding-up and liquidating a Fund and its subsidiaries; and (w) any other fees, costs, expenses, liabilities or obligations approved by the advisory board; and

(iv) All expenses related to actual and potential portfolio investments (whether to be made directly or indirectly through a Fund's subsidiaries), including, without limitation: (a) the costs and fees of researching, evaluating or investigating potential portfolio investments, including meeting with real estate brokers and other sources of portfolio investments and developing an investment pipeline (whether or not consummated, and whether or not incurred before or after formation of a Fund); (b) the costs and fees of activities with respect to the structuring, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to periodicals or databases), acquiring,

bidding on, owning, managing, leasing, renovating, expanding, monitoring, operating, holding, hedging, restructuring, trading, selling, valuing, winding up, liquidating, dissolving, or otherwise disposing of, as applicable, a Fund's actual and potential portfolio investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal (including costs of in-house counsel), financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, third-party diligence software and service providers, third-party consultants and similar professionals in connection therewith and any fees and expenses related to transactions that have been offered to co-investors), whether or not any contemplated transaction is consummated and whether or not such activities are successful (reverse breakup, termination and other similar fees); (c) retainer, finder's, placement, advisor, third-party consultant, custodian, subcustodian, transfer agent, disbursal, brokerage, registration, legal and other similar fees and expenses attributable to investments (whether or not consummated); (d) fees, costs and expenses related to the organization or maintenance of any intermediate entity used to acquire, hold or dispose of one or more portfolio investments or otherwise to facilitate a Fund's investment activities, including, without limitation, filing, title, transfer, registration and other similar fees and expenses (whether conducted directly or indirectly through its subsidiaries); (e) all travel, lodging, meals, entertainment correspondence and other transaction costs and expenses incurred in connection with the sourcing, acquisition, monitoring, ownership or disposition of any investments (whether or not consummated); and (f) any taxes, fees or other governmental charges levied against the portfolio investments or a Fund and any other taxes, assessments, tax audit, investigation, settlement or review of a Fund (other than withheld taxes), including sales taxes payable on fees and reimbursements payable by a Fund and its subsidiaries.

For the avoidance of doubt, and other than with respect to in-house legal and accounting expenses under clause (d) above, which shall be charged at hourly rates approved by the relevant advisory board, provided that approval of an advisory board is not required to the extent such in-house legal and accounting expenses are charged (x) at cost or (y) pursuant to the terms of a Continuous Support Services agreement, a General Partner and the Investment Manager will bear: (A) their respective office space, facilities, office equipment, utility service and necessary administrative and clerical functions and similar overhead expenses as well as all other ordinary operating expenses and compensation (including benefits) of their respective employees, except as specified in the relevant Governing Documents and as noted below; (B) any placement fees or similar fees paid to any person with respect to obtaining or soliciting subscriptions for interests in a Fund, parallel funds, alternative vehicles, feeder funds, feeder vehicles and their respective subsidiaries (including, without limitation, the Operating Partnership and a Fund REIT) at any closing thereof, if any (including a Fund REIT preferred units, if issued) (which, for the avoidance of doubt, to the extent paid by a Fund, will result in a dollar-for-dollar reduction of the management fee); (C) regulatory expenses not specifically attributable to a Fund and its subsidiaries or filing expenses not related to a Fund and its subsidiaries (except as mentioned above); and (D) any organizational and offering expenses in excess of the aforementioned cap incurred in connection with the formation transaction (which, for the avoidance of doubt, may be paid by a Fund but will result in a dollar for dollar reduction of the management

fee). If a General Partner establishes one or more parallel funds, alternative vehicles, feeder funds or feeder vehicles, then any fees and expenses of the types included in the foregoing clauses (ii) through (iv) that relate to a Fund and such parallel funds, alternative vehicles, feeder funds or feeder vehicles shall be allocated among a Fund and such parallel funds, alternative vehicles, feeder funds or feeder vehicles on a *pro rata* basis, based on the fund net asset value of a Fund and the respective net asset values of such parallel funds, alternative vehicles, feeder funds or feeder vehicles (or, with respect to shared investment-related fees and expenses, based on the respective investments of a Fund and each such parallel fund, alternative vehicle, feeder fund or feeder vehicle in such shared investment), and only that portion so allocated to a Fund shall constitute Fund expenses hereunder; provided that any such expenses agreed to be borne solely by the investors in any parallel fund, alternative vehicle, feeder fund or feeder vehicle shall be excluded from Fund expenses hereunder.

Any such fees and expenses noted above are permitted to be paid, directly or indirectly, by or to, as applicable, the Investment Manager, an affiliate of the Investment Manager, or the applicable Fund.

### **Affiliated Service Provider Fees, Expenses and Reimbursements**

The Funds and their respective Subpartnerships, as applicable, retain, directly or indirectly, one or more Cortland affiliates to perform services for the Funds which would otherwise be performed by unaffiliated third parties, including: development, property management, asset management, construction management, design, construction services, product and material sourcing and manufacturing, among other additional services (collectively, the “Affiliate Services”), at rates set forth in the Governing Documents or such other terms and conditions as may be provided for in the Governing Documents (which may be limited to actual cost), or as approved by the relevant Fund advisory board (for the avoidance of doubt, the Opportunistic Funds have established an advisory board for each Fund and the Income Fund has established an advisory committee; references throughout this Brochure to “advisory board” are intended to refer to both the advisory board and the advisory committee of the respective Funds). Except as noted below in the case of Fund V and Fund VI acquisition fees, any such fees and reimbursements paid by a Fund or a portfolio investment to such affiliated service provider are in addition to, and will not offset, the management fee (in the case of the Income Fund, Fund V and Fund VI) and carried interest received by the Investment Manager or its affiliates, and such fees and reimbursements will not be shared with such Fund.

The following are a description of fees for Affiliate Services paid to the Investment Manager or an affiliate, which vary across Funds:

- **Property Management Fees:** A fee equal to a percentage of the monthly gross cash receipts from operations of each investment as permitted in the applicable Fund’s Governing Documents or otherwise approved by the advisory board.

- Construction Management Fees and Reimbursement of Expenses, Overhead and Profit: A management fee equal to a percentage of the total hard costs for the renovation of each investment as permitted in the applicable Fund's Governing Documents or otherwise approved by the advisory board.
- Asset Management Fee: A fee equal to a percentage of the monthly gross cash receipts from operations of each investment as permitted in the applicable Fund's Governing Documents or otherwise approved by the advisory board.
- Licensing Fees: A licensing fee for information technology software utilized in accordance with the operation and management of the applicable asset in an amount as permitted in the applicable Fund's Governing Documents or otherwise approved by the advisory board.
- Acquisition Fees: For Opportunistic Funds only, a fee typically equal to a percentage of the total capitalization of an investment determined as of the time of acquisition and including projected capital expenditures and associated project costs as permitted in the applicable Fund's Governing Documents or otherwise approved by the advisory board. For Opportunistic Fund V and Fund VI, acquisition fees are received by a Cortland affiliate and offset investment management fees up to a maximum of the full investment management fee; any acquisition fees in excess of investment management fees are retained by a Cortland affiliate. For Opportunistic Funds II-IV, the applicable Fund does not receive any such offset.
- Design Fees: Fees for architectural and interior design services based upon services provided in amounts as permitted in the applicable Fund's Governing Documents or otherwise approved by the advisory board.
- Additional Affiliate Fees: Compensation for additional services provided by a Cortland affiliate for the benefit of a Subpartnership as permitted in the applicable Fund's Governing Documents or otherwise approved by the advisory board.
- Vendor Rebates: Purchasing rebates from certain suppliers as permitted in the applicable Fund's Governing Documents or otherwise approved by the advisory board.
- Reimbursement of Expenses: Each asset owned by a Fund will, subject to the terms of the Fund's Governing Documents, reimburse Cortland's property management affiliate (the "Property Manager") for the Property Manager's actual costs incurred in connection with the provision of property management services to each asset owned by a Fund, including, without limitation (i) compensation and employment costs of asset-level personnel and (ii) costs and expenses incurred to provide internalized operational support services (as at any time comprised, the "Operational Support Services"), including, without limitation, talent resources, specialized facilities services, application support services, pest control services,

account settlement, leasing call center services, community legal services, placement services and revenue management services. Operational Support Services will, from time to time, be contracted for by the Property Manager with a Cortland affiliate for a fee equal to such affiliate's actual cost to provide such services, and the Property Manager will invoice an allocated portion of such fee (based on services provided, on a per unit per annum basis) to the assets, subject to the Fund's Governing Documents. Operational Support Services may change from time to time, or be outsourced to third parties, provided that an asset never pays more than the Property Manager's actual cost.

- **Pursuit Costs:** Costs incurred in connection with the pursuit and acquisition of each investment in which Cortland is considering an investment as permitted in the applicable Fund's Governing Documents or otherwise approved by the advisory board.
- **Third Party Service Fees:** Fees paid by a Fund to Cortland and its affiliates for the provision of services, products or other materials to the Fund assets consistent with terms and conditions negotiated on an arm's length basis on market terms and conditions or better.

Depending on the Fund, and as specified in each Fund's Governing Documents, a Fund on occasion will share a percentage of certain fees with affiliates or joint venture partners. Additionally, for Fund IV, (i) the Investment Manager and its affiliates are entitled to receive fees in excess of the foregoing amounts if such fees are shared *pari passu* by third party joint venture investors in a Subpartnership or otherwise approved by a super majority vote of investor members, and (ii) the Investment Manager's portion of the foregoing fees can exceed its *pro rata* share of such fees relative to any third party joint venture investors in a Subpartnership if the Investment Manager, in its reasonable judgment, believes the benefits obtained by such payment make it of compelling interest and the relevant Fund advisory board has approved the payment of such excess.

### **Co-Investment Fees and Expenses**

The Investment Manager, in its discretion, on occasion permits other Fund investors, affiliates or third-party investors to co-invest with a Fund in certain investment opportunities where the Investment Manager believes such co-investment could offer a strategic advantage to a Fund or for any other reason as determined by the Investment Manager or its relevant General Partner in its sole discretion subject to the Fund's Governing Documents and side letters. Subject to each Fund's relevant Governing Documents and the Investment Manager's policies and procedures on co-investment opportunities, such co-investors will generally participate with a Fund in any such opportunity on the same terms and conditions as the corresponding Fund and will exit such investment on substantially the same terms and conditions and at the same time as the Fund. The Investment Manager will enter into any compensation arrangements with such co-investors that it determines to be appropriate. Expenses related to portfolio investments in which a Fund invests alongside co-investors will be allocated between the Fund and any such co-investors *pro rata* based on

amounts invested or expected to be invested as reasonably determined by the Investment Manager; provided that expenses related to potential co-investments that are never consummated will only be borne by a co-investor to the extent such co-investor has contractually agreed to bear its share of such expenses. Any expenses of unconsummated co-investments that are not borne by co-investors will be borne by the applicable Fund. Co-investors who commit to a transaction after a Fund signs a definitive purchase agreement will lower the risk of broken deal or similar expenses incurred by such Fund (and indirectly, by such Fund's investors) in connection with such transaction based on the timing of when a co-investor becomes contractually obligated to invest.

### **Allocation of Fees and Expenses**

In good faith and in its fair and reasonable discretion, the Investment Manager determines on a case-by-case basis whether an expense should be borne by the Investment Manager, a Fund or a portfolio investment. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate to a specific Fund, the Investment Manager generally allocates common expenses among multiple Funds on a *pro rata* basis, based on gross assets under management as of the beginning of each month in which the expenses are paid, or, if allocated on a portfolio investment basis, on a per unit basis for each portfolio investment receiving an allocation of the applicable fee or expense, unless another method is more equitable.

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

A carried interest allocation represents an adviser's compensation based on a percentage of net profits of the funds it manages. Each Fund's General Partner receives a carried interest allocation on certain realized profits in the Funds subject to an annually compounded preferred rate of return (or hurdle) and subject to reimbursement of all relevant Fund expenses. The carried interest allocated to a General Partner is subject to a potential after-tax giveback if the respective General Partner has received excess cumulative distributions. Each Fund's carried interest calculation is further described below and in more detail in the relevant Fund Governing Documents received by each investor prior to investment in such Fund.

*Opportunistic Funds:* The carried interest calculation of each of the Opportunistic Funds varies from 20% to 50%, subject to various designated hurdle rates and a General Partner catch up provision, each as more fully detailed in the applicable Fund's Governing Documents.

*Income Fund:* At the end of each five-year period, investors in the Income Fund are obligated to pay a 10% carried interest allocation with respect to each investor's excess profit, subject to a 7% internal rate of return hurdle and a 50/50 General Partner catch up. Some limited partners, including formation partners, in the Income Fund receive enhanced economics with respect to the carried interest allocation.

These performance fee arrangements have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The General Partner of each Fund is permitted, in its sole discretion, to waive or reduce the amount of carried interest for a Fund and for an investor in a Fund. Specifically, advisory board members (for the Opportunistic Funds), formation partners (for the Income Fund), principals, Cortland employees and certain of their respective family members who invest in the Funds will generally pay reduced carried interest or none at all. Similarly, investors in Co-Investment Funds generally pay a lower amount of carried interest or none at all.

The fact that the General Partner's carried interest allocations are based on the performance of each Fund can create an incentive for the Investment Manager to make investments that are more speculative than would be the case in the absence of such distributions or to allocate an investment to a Fund that earns a higher Carried Interest. The Investment Manager believes this incentive is sufficiently mitigated, however, due to the fact that: (i) any losses a Fund sustains will reduce the General Partner's carried interest distribution; (ii) carried interest is generally calculated only after investors have received as distribution 100% of their capital contributions plus a preferred return; (iii) the applicable Governing Documents create limitations on the ability of the Investment Manager to establish new investment funds; (iv) a General Partner or its affiliate often makes a substantial commitment to a Fund to invest its own capital alongside the investors; and (v) the Investment Manager's ability to attract future investors is tied to the performance of its investments.

The Investment Manager manages multiple Funds and other investment vehicles with similar investment strategies on a side-by-side basis. Management of multiple vehicles on a side-by-side basis has the potential to create conflicts of interest with regard to the Investment Manager's allocation of investment opportunities, expenses, time and attention of advisory personnel and consideration for certain transactions. Management of side-by-side Funds can create an incentive for the Investment Manager or its personnel to favor a Fund or other investment vehicles in which the Investment Manager or an affiliate has a greater financial interest. To the extent that the Investment Manager has Funds with varying Carried Interest terms (including amount, timing waterfall conditions or other terms) and/or personnel are assigned varying percentages of Carried Interest from a Fund, the Investment Manager and such personnel are subject to potential conflicts of interest to the extent they are involved in identifying investment opportunities as appropriate for a Fund from which they are entitled to receive a higher Carried Interest percentage.

To help minimize such conflicts of interest, the Investment Manager allocates investment opportunities which satisfy the investment parameters of more than one Fund in accordance with the Investment Manager's policies and procedures and in accordance with the applicable Governing Documents and taking into consideration certain factors, as determined in the Investment Manager's sole discretion, which can include, but are not limited to: the amount of available capital commitments of the applicable Fund(s); anticipated future capital requirements of an investment opportunity; life-cycle of the applicable Fund(s); expected time to obtain liquidity; legal, tax and regulatory considerations; applicable rotation policies and priority rights established by Governing Documents;

and any other factors deemed relevant by the Investment Manager. The Investment Manager's procedures are designed to ensure that all investment decisions are made in accordance with the Investment Manager's fiduciary duties to its Funds and without consideration of the Investment Manager's (or its affiliates' or employees') pecuniary interest. The Investment Manager will not allocate investment opportunities based in whole or in part on (i) the relative fee structure or amount of fees paid by any Fund or Co-Investment Fund, (ii) the profitability of any Fund or (iii) compensation to a Cortland affiliate. The Investment Manager's policies and procedures for the allocation of investments are determined by its Investment Committee and Allocation Committee and are monitored by the Chief Compliance Officer. All investment allocation decisions are determined by the Allocation Committee.

## **Item 7 – Types of Clients**

The Investment Manager provides investment advice to the Funds. The Funds currently limit their respective investors to persons who are (i) "accredited investors" as defined in the Securities Act of 1933, as amended ("Securities Act") and (ii) "qualified clients" as defined in the Advisers Act or (iii) "qualified purchasers" or "knowledgeable employees" as defined in the Investment Company Act. Prior to registration with the SEC, the Funds permitted investors who were only "accredited investors" to invest in a Fund.

The Funds are not registered or required to be registered under the Investment Company Act; the Funds are not made available to the general public; their securities are not registered or required to be registered under the Securities Act; and Fund interests are privately placed to qualified investors. Qualified investors include individuals or entities to which Fund interests are permitted to be sold, which generally includes (i) in the United States, people or organizations who meet certain net worth, income and/or financial sophistication requirements as described above or (ii) in other countries, as permitted by the relevant securities laws in such jurisdiction and in compliance with any foreign offering provisions applicable to the Investment Manager and/or the Funds. Each Fund requires minimum capital commitments from an investor as detailed in the relevant Fund's Governing Documents. The Investment Manager has accepted commitments of less than the stated minimum amount in the discretion of the applicable Fund's General Partner.

The investors participating in the Funds include high net worth individuals, other investment entities, university endowments, sovereign wealth funds, international investors, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and typically include, directly or indirectly, principals or other employees of Cortland and its affiliates, advisory board members and members of their families or other service providers retained by Cortland.

As mentioned in Item 5, above, the Investment Manager on occasion permits other Fund investors, affiliates or third-party investors to co-invest with a Fund in certain investment opportunities where the Investment Manager believes such co-investment could offer a strategic advantage to a Fund or

for any other reason as determined by the Investment Manager in its sole discretion. Subject to each Fund's relevant Governing Documents and the Investment Manager's policies and procedures governing co-investment, such co-investors will generally participate with a Fund in any such opportunity on the same terms and conditions as the corresponding Fund and will exit such investment on substantially the same terms and conditions and at the same time as the Fund. While one or more investors in the Funds are on occasion invited to co-invest in a Fund's portfolio investments, the Investment Manager is authorized in its sole discretion to offer any or all of a co-investment opportunity to investors that are not investors in the Funds. See Item 8 for more information regarding conflicts of interest with regard to co-investment opportunities.

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

### **STRATEGY**

Cortland endeavors to implement operational management practices typical of institutional-grade industry-leading investment managers, while simultaneously working to integrate Cortland's local market knowledge and operational expertise into the investment management function. Cortland believes that this hybrid investment manager/operator model is critical in real estate investment management, allowing its team to effectively underwrite, acquire, and manage a geographically diversified portfolio of real estate assets on behalf of investors in a cost-effective manner, and that this model has been and will continue to be a key driver of the success of Cortland's investment management business.

Operationally, Cortland endeavors to optimize every touch point of the resident's experience at a Cortland-managed multifamily community with an eye toward delivering a best-in-class apartment community and resident experience. Cortland's operating platform attempts to provide services that encompass the entirety of the resident's engagement with the asset: Cortland's marketing team focuses on attracting the potential resident with marketing efforts informed by target market research and resident segmentation analysis; Cortland's leasing teams focus on maximizing conversions of leads to leases, with systemized prospect contact protocols; Cortland's IT and marketing teams work to maximize effectiveness of on-line presence and automate elements of Cortland's interactions with prospects and residents; Cortland's interior design team focuses on using local knowledge to make attractive interior and exterior design choices appropriate for the market and works with product sourcing and manufacturing to design and procure fixtures, finishes and other materials used in renovation scopes; Cortland's general contracting and construction management teams work to execute renovations in a manner that is least disruptive to the resident experience; finally, Cortland's property management and asset management functions work to coordinate all functions seamlessly and to provide ongoing operational support and amenities for the residents during their stay at the asset. Cortland believes that this integrated approach results in superior amenities and an enhanced resident experience relative to comparable properties and a higher-quality custom product designed and built specifically with the target resident in mind. Cortland believes that, on average, the vertical

integration model results in reduced execution risk, increased speed to market, tighter quality control, lower labor and material costs, better supply chain management, and greater operational efficiency across the entire execution. Put together, Cortland believes its model results in higher overall resident satisfaction during their time living in a Cortland community, and that, coupled with operating efficiencies that can be created by market scale, can result in nimbler asset management, reduced operating expenses for the services provided, faster rent growth, lower resident turnover when desired, and higher investment returns relative to competitors in the same markets.

The Investment Management team focuses on sourcing, underwriting and executing on multifamily investment opportunities on behalf of the Funds, and providing investor relations services to investors in those vehicles. The Investment Manager has developed an investment and allocation process that allows it to quickly synthesize information from local teams, review the investment opportunity on behalf of its clients, and make critical investment decisions in a dynamic multifamily market. After acquisition, the portfolio and asset management teams perform oversight functions to ensure operational teams on the ground are executing the business plan with respect to each investment, and the investor relations team works with property and asset management teams to coordinate the flow of investment information to investors. Additional accounting, legal, other professionals at Cortland provide financing, human resources, and strategic support. Cortland currently employs a hub and spoke model, empowering regional teams, while providing centralized support and guidance from the Atlanta headquarters.

The investment strategies of the Opportunistic Funds and the Income Fund are set forth in the applicable Fund's Governing Documents. However, in general, the Opportunistic Funds are closed-end funds which pursue investments that have a higher degree of risk and correspondingly aim to generate a higher return than the Income Fund. That risk can derive from leverage, which will be higher in the Opportunistic Funds, as well as the volatility of the underlying business plan. With respect to the business plan, the Opportunistic Fund investments will primarily involve a lower level of in-place leasing or a more significant amount of construction or improvements contemplated, reflected in a higher amount of allocated capital to be spent post acquisition.

The Income Fund, on the other hand, is an open-end fund generally focused on acquiring stabilized or near-stabilized, income-producing assets, with the intent that such assets be acquired with generally lower leverage, which shall be 50% or less on a portfolio basis and intended to be held for longer periods of time. Investment metrics will generally be less focused on the internal rate of return, and more focused on net operating income production and net asset value appreciation over time. The assets targeted for the Income Fund are located in primary growth markets and not more than 30% of capital to other growth markets (as defined in the Income Fund's governing documents). The Income Fund will generally invest through a REIT and will generally acquire 100% of the interests in the applicable asset (subject to available co-investment rights as more specifically described in the Governing Documents) through the Operating Partnerships (though some investors invest directly in the Operating Partnership). The Income Fund is permitted to invest up to 20% of the sum of (i) the

Fund net asset value and (ii) any undrawn capital commitments to the Fund in “value-add” opportunities.

It is possible that the same asset could fit within the investment strategies of both the Opportunistic Funds and the Income Fund, however the Opportunistic Funds are closed-ended Funds with defined investment horizons which will give rise to a need to exit the investment generally targeted within a three to five-year timeline. Conversely, the Income Fund is open-ended and will generally represent assets intended to be held on a long-term basis.

Opportunistic Funds II to IV typically invest, on an asset-by-asset or portfolio-by-portfolio basis, alongside third-party joint venture partners in Subpartnerships, as applicable, with the Opportunistic Fund’s percentage of equity invested ranging from 2.5% to 20% of the total equity required. In these cases, the Opportunistic Fund will relinquish some level of control to those third-party joint venture partners, in exchange for fees and a carried interest at the Subpartnership level, some or all of which shall be shared with the Opportunistic Fund investors in the event certain targeted returns are achieved at the Subpartnership level, as applicable.

Opportunistic Fund V and Fund VI generally pursue a similar investment strategy as Opportunistic Funds II-IV, however, Fund V targets approximately 70-75% of its equity toward wholly-owned multifamily investments, while approximately 25-30% of its equity is targeted toward investment in Subpartnership structures more typical of Opportunistic Funds II to IV. Opportunistic Fund VI has the capability to opportunistically enter into Subpartnership structures more typical of Funds II to IV, but Fund VI is primarily focused acquiring a portfolio of wholly-owned multifamily investments.

The applicable Governing Documents of each Fund set forth more detailed descriptions of each Fund’s investment strategies and methods of analysis. There can be no assurance that the Funds will achieve their investment objectives and a loss of investment is possible.

## **RISKS**

An investment in the Funds involves a high degree of risk, including the risk of a partial or total loss of capital, and investors must be prepared to bear capital losses which might result from investments. An investment in the Funds is speculative, illiquid and long-term in nature, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Funds. There can be no assurance that a Fund will be profitable or, if it is profitable, that any particular yield or rate of return will be obtained or other performance objective will be realized. An investor should only invest in a Fund as part of an overall investment strategy and only if the investor is able to withstand total loss of its investment. Investors should also refer to a Fund’s Governing Documents for a description of the risk factors specific to their Fund. Different or new risks not addressed below can arise in the future and, therefore, the following list is not intended to be exhaustive.

Risks and potential conflicts of interest associated with an investment in a Fund include, but are not limited to, the following:

### **General Investment Risks**

**General Economic Conditions.** The success of a Fund's investment activities will be affected by general economic and market conditions. No assurances can be given that the value of any assets acquired by a Fund will not decrease in the future. Specifically, a Fund's investment activities will be affected by the systemic impact of inflation, the availability and cost of credit, declines in the real estate market, and geopolitical issues that contribute to increased market volatility and uncertain expectations for the global economy and to interest rate increases in the United States, reducing the availability of financing. At the present time, the markets are highly volatile and governments throughout the world, including the United States, continue to carry a significant amount of debt. To the extent there is turmoil in the financial markets, it has the potential to materially affect the value of a Fund's properties, the availability or the terms of financing that a Fund has or can anticipate utilizing, a Fund's ability to make principal and interest payments on, or refinance, any outstanding debt when due and the ability of a Fund's customers to enter into new leasing transactions or satisfy rental payments under existing leases. It is possible that any additional, continued or recurring disruptions in the capital and credit markets will adversely affect a Fund's financial condition, results of operations, cash flow and ability to make distributions to its investors.

U.S. military action abroad and future possible terrorist attacks could adversely affect the Funds' performance and an investment in the Funds. Military actions around the globe, the threat or occurrence of terrorist attacks in the future, rising oil, energy and other commodity or material prices (including those resulting from the unavailability thereof), and the United States' military, economic and political responses to terrorism all can have material consequences on the U.S. and global economies. The Investment Manager is not able to predict the extent, severity or duration of the effect of any past or future terrorist attacks and related events or quantify the impact that these events may have on investment objectives or the real estate markets where a Fund's underlying investments will be located.

On February 24, 2022, Russian forces launched significant military action against Ukraine. The United States and many other countries have instituted various economic sanctions against Russian individuals and entities (including corporate and banking). The extent and duration of the military action, sanctions imposed and other punitive action taken and resulting future market disruptions in Europe and globally cannot be easily predicted, but could be significant and have a severe adverse effect on Russia and Europe in general as well as regional and global economic markets, including significant negative impacts on the economy, sovereign debt and the markets for certain securities and commodities, such as oil and natural gas. In addition, the potential for wider conflict can increase financial market volatility, which could negatively affect the value and relative liquidity of the Funds'

investments. Finally, such market disruptions can magnify the impact of other risks described in this “risk factors” section.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private fund industry. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds. Any such changes are expected to materially impact the Investment Adviser, the Funds and/or the investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds’ activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute their investment strategy or achieve their investment objectives.

***Insufficient Cash Flow.*** A Fund’s ability to access private debt and equity capital on favorable terms or at all is dependent upon a number of factors, including general market conditions, the market’s perception of a Fund’s growth potential, and a Fund’s current and potential future earnings and cash distributions. If a Fund cannot obtain sufficient capital on favorable terms when needed, it is possible a Fund will not be able to execute its business and growth strategies, satisfy its debt service obligations, make the cash distributions to shareholders for a Fund REIT to qualify as a REIT, or fund other business needs, which could have a material adverse effect.

In the event that a Fund does not have sufficient cash available to it through its operations to continue operating its business as usual, a Fund will likely need to find alternative ways to increase its liquidity. Such alternatives include, without limitation: divesting itself of properties, whether or not they otherwise meet a Fund’s strategic objectives to keep in the long term, at less than optimal terms; incurring debt; entering into leases with its tenants at lower rental rates or less than optimal terms; or entering into lease renewals with its existing tenants without an increase in rental rates. There can be no assurance, however, that such alternative ways to increase a Fund’s liquidity will be available to a Fund. Additionally, taking such measures to increase a Fund’s liquidity can adversely affect its business, results of operations, and financial condition.

***Restrictions on Transfers; Illiquidity.*** No public or private market presently exists for the units being offered. The units have not been, and it is not presently contemplated that they will be, registered under the Securities Act. Accordingly, it is not likely that a public market or an active private market will develop or that there will ever be an active volume of trading of the units. Transferability of the units is subject to compliance with applicable securities laws and tax law requirements and the consent of the Investment Manager, both as to the transfer and to the substitution of the transferee as an investor.

***Inflation.*** While recent years have been characterized by low rates of inflation, the rate of inflation has materially increased in recent months and the rate of inflation could maintain higher rates and/or continue to increase in the future. Inflation and rapid fluctuations in inflation rates have in the past had, and in the future will potentially have, negative effects on economies and financial markets. For example, wages and prices of inputs increase during periods of inflation, which can negatively impact returns on investments. In an attempt to stabilize inflation, governments can impose wage and price controls or otherwise intervene in the economy. Governmental efforts to curb inflation often have negative effects on the level of economic activity. If inflation were to rise at rates higher than those anticipated in underwriting a Fund's investments, the effective rate of return on such investments can be reduced. For example, there can be instances where rents and other revenues related to such investments are fixed by contract for meaningful periods of time whereas related expenses are not. As a result, an unexpected rise in the rate of inflation can potentially have a material and adverse impact on a Fund and its investments.

***Risk of Unspecified Investments.*** There is no information as to the nature and terms of any future investments that the Funds will make that an investor can evaluate when determining whether to invest in a Fund, and investors will not generally have an opportunity to evaluate for themselves or to approve the investments. Additionally, it is possible that a Fund will assume known, unknown or contingent liabilities in connection with future acquisitions. The Investment Manager will have complete discretion regarding properties to be acquired by the Funds, subject to the terms of the Governing Documents and the Funds' investment objectives and strategies. Investors must rely solely on the General Partners and the Investment Manager with respect to the selection, amount, character and economic merits of each potential investment.

In addition, the return from an investment in a Fund will depend, in part, on the timing of a Fund's investment of the capital contributed to a Fund. The Investment Manager will seek to identify properties that fit within each Fund's overall investment strategy as soon as practicable, but each property so identified will be subject to due diligence review by the Investment Manager and other experts. There is a risk that the Funds will not always be successful in acquiring properties that satisfy its investment criteria when the Funds are in competition with prospective purchasers seeking to acquire the same property. Such unsuccessful acquisition attempts will nevertheless result in expenses related to such transactions becoming payable by the Funds.

***Litigation.*** In the ordinary course of its business, the Funds and their properties can become subject to litigation from time to time. The outcome of such proceedings can materially adversely affect the value of a Fund and its properties and can continue without resolution for extended periods of time. Any litigation is expected to require the time, attention, and resources of a General Partner, the Investment Manager, and the Funds.

***Concentration in Multifamily Assets.*** The Funds' strategy focuses primarily on the acquisition and ownership of multifamily communities in the Southeast, Southwest, Midwest and Mountain West

United States. As a result, the Funds will be subject to risks inherent in investments in a single real estate asset class, and a decrease in the demand for multifamily communities would likely have a greater adverse effect on the Funds' rental revenues than if the Funds owned a portfolio more diversified among multiple real estate asset classes. Reductions in spending, reduced home prices, and slow growth in employment, together with the price volatility, dislocations, rising interest rates (or anticipated rising interest rates), and liquidity disruptions in the financial and credit markets, as well as the rate of household formation or population growth in the Funds' markets, changes in supply of, or demand for, similar or competing multifamily properties in an area, could all adversely affect demand for multifamily living opportunities. Alternatively, a favorable interest rate environment combined with a slower than expected recovery in housing prices could result in a significant number of potential residents of the Funds' multifamily communities deciding to purchase homes instead of renting, which could also cause the Funds' rental revenue to decrease. Rent control or stabilization laws, or other laws regulating rental housing, could prevent Cortland from raising rents at the Funds' multifamily communities to offset increases in operating costs. Any of these factors could impair the Funds' ability to make distributions to its investors.

***Availability of Suitable Investments.*** The identification and acquisition or redevelopment of appropriate properties which satisfy the Funds' performance objectives is difficult and involves a degree of uncertainty. Such properties are expected to become available for redevelopment or purchase only occasionally, and the Funds will not always be able to acquire such properties on favorable terms. There can be no assurance that the Investment Manager will be able to identify and complete investments that meet the performance objectives or that the Investment Manager will be able fully to invest the Funds' available capital. The Funds encounter competition in connection with their selection of properties from other institutional investors, some of which have greater financial and other resources than Cortland. Consequently, there is a risk that a Fund will not always be successful in acquiring properties that satisfy its investment criteria when a Fund is in competition with prospective purchasers seeking to acquire the same property. Such unsuccessful acquisition or redevelopment attempts can nevertheless result in expenses related to such transactions becoming payable by a Fund. There can be no assurance that there will be a sufficient number of suitable properties available for acquisition, redevelopment or investment by the Funds or that the investments made by the Funds will generate the targeted rate of return on invested capital.

***Limited Rights; Dependence on the General Partner and Manager.*** All investment decisions will be made by the General Partners and the Investment Manager. An investor will have no right to take part in an investment or other decision on behalf of the Funds, and will have no right to take part in the management of, or otherwise control the business of, the Funds. Accordingly, no investment should be made unless the investor is willing to entrust substantially all aspects of investment, management, and administration to the General Partners and the Investment Manager.

***Dependence on Key Personnel.*** The success of the Funds also depends in substantial part upon the skill and expertise of the Investment Manager's principals, other members of the Cortland

management team, and others providing investment advice or other services with respect to the Funds. Should one or more of these individuals become incapacitated or in some other way cease to be associated with Cortland or participate in the Funds, the performance of a Fund could be materially adversely affected. In particular, the loss of services from key members of senior management or a limitation on their availability could adversely impact the Funds' financial condition, results of operations, cash flow and the value of its units. In addition, although the Investment Manager believes that these individuals have considerable expertise in the relevant sectors, there are no means of predicting whether they will successfully implement the Funds' investment strategy, especially during changing economic conditions.

***Diverse Investor Group.*** The investors in the Funds will include taxable and tax-exempt entities and includes persons or entities located or organized in various jurisdictions. As a result, conflicts of interest can arise in connection with decisions made by the Investment Manager that can be more beneficial for one type of investor than for another type of investor. In selecting investments, the Investment Manager considers the performance objectives of each Fund as a whole, not the performance objectives of any investor individually.

***Projections.*** Any projections, forecasts or other estimates in this Brochure or in marketing materials with respect to a Fund are forward-looking statements and are based upon certain assumptions. Although these forward-looking statements are based upon assumptions and research that the Investment Manager believes are reasonable, it is possible that actual results of operations and achievements will differ materially from the projections, forecasts and other estimates set forth herein or such marketing materials. In addition, the Funds rely upon projections, forecasts or estimates developed by the Investment Manager concerning an investment's future performance and cash flow. Actual results are difficult to predict and typically depend upon factors that are beyond the Investment Manager's control. Actual events can differ from those assumed. Further, it can be expected that one or more of the assumptions, projections or estimates on which such information is based will vary significantly from actual events, and such variances will likely increase over time. Some important factors that could cause actual results to differ materially from those in any forward-looking statements include, but are not limited to, the following: changes in interest rates; financial, market, economic, or legal conditions, including the availability of leverage; the allocation of the Funds' investments among acquisition, development and redevelopment opportunities; and differences in the actual allocation of the Funds' investments among investment structures (*e.g.*, debt or equity) from those assumed herein among others. In addition, the degree of risk will be increased as a result of leveraging the Funds' investments. Accordingly, there can be no assurance that estimated returns or projections can be realized or that actual returns or results will not be materially lower than those estimated herein.

Projections are inherently subject to uncertainty and factors beyond the control of the Investment Manager. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of an investment to realize projected values and cash flow, which could cause the value of the Funds' investments to decline from

anticipated values that were based upon such projections. Investors should conduct their own analysis of the Funds, using such assumptions as they deem appropriate, in making an investment decision.

***Limitation of Recourse and Indemnification of General Partners and the Investment Manager.*** The Governing Documents limit the circumstances under which the General Partners, the Investment Manager, Cortland, and their affiliates will be held liable to the Funds. As a result, investors will have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Governing Documents provide that the Funds will indemnify the General Partners, the Investment Manager, Cortland, and their affiliates for certain claims, losses, damages, and expenses arising out of their activities on behalf of the Funds. Such indemnification obligations have the potential to materially impact the returns to investors.

***Liability for Return of Distributions.*** Under Delaware and other applicable law, if a Fund is otherwise unable to meet its obligations, it is possible that investors will be obligated to return cash distributions with interest previously received by them if such distributions are deemed to be wrongfully paid to them and such investors knew at the time of such distributions that they were wrongfully paid. In addition, it is possible that an investor will be liable under applicable federal or state bankruptcy laws to return a distribution made during a Fund's insolvency.

***Use of Valuations; Uncertainty of Net Asset Value.*** The Investment Manager uses real estate valuations for several purposes, including in determining the fair market value of assets held by the Funds, in determining value for purposes of the issuance of units and in calculating the compensation of the General Partners and the Investment Manager. An appraisal or valuation is only an estimate of value and is not a precise measure of realizable value. Appraised or otherwise determined values do not necessarily represent the price at which a real estate investment would sell since market prices of real estate investments can only be determined by negotiation between a willing buyer and seller. As a result, if the Funds were to liquidate a particular real estate investment, the realized value can be more or less than the appraised value or valuation of such asset. Appraised values that are higher than realizable values could result in greater management fees or carried interest and in a Fund paying a higher price to redeem units than if such distributions or redemption prices were paid based on realized value following the sale of such assets. In addition, any valuation is a subjective analysis of the fair market value of an asset and requires the use of techniques that are costly and time-consuming and ultimately provide no more than an estimate of value.

Each Fund's net asset value is based on appraisals or other valuation methodologies that are inherently subjective in certain respects and rely on a variety of assumptions, including assumptions about projected cash flows for the remaining holding periods for the applicable Fund's properties. Furthermore, appraisals and other valuation methodologies are based in large part on information as of the end of a given calendar quarter, and market, property and other conditions can change materially thereafter. Furthermore, real estate assets generally cannot be marked to an established market or readily tradable assets. Accordingly, it is possible that such values do not accurately reflect the actual

market values of a Fund's portfolio properties, and, thus, prospective investors and investors could make decisions as to whether to invest in or redeem units without complete and accurate valuation information.

Accordingly, there can be no assurance that any Fund's net asset value, as calculated based on such valuations, will be accurate on any given date, nor can there be any assurance that the sale of any investment would be at a price equivalent to the last estimated value of such investment. If, at any time, a Fund's net asset value is lower than the true value of the applicable Fund's portfolio, those investors that redeem all or some of their units at such time will be underpaid and those investors that retain their units will be adversely affected if more units are issued than redeemed at the lower price. Conversely, if a Fund's net asset value is higher than the true value of the applicable Fund's portfolio, investors that purchase units at such time will overpay, and if redemptions of units based on a higher net asset value were to exceed purchases of units at that value, those investors that do not redeem units will be adversely affected. Generally, there will be no retroactive adjustment in the valuation of any investment or the fees and/or performance-based compensation paid to the Investment Manager or relevant General Partner to the extent any valuation proves to not accurately reflect the realizable value of an investment.

***System Failure or Cyber Security Attacks.*** Despite system redundancy, the implementation of security measures and the existence of a disaster recovery plan for the Funds' internal and hosted information technology systems, Cortland's information systems are vulnerable to damages from any number of sources, including energy blackouts, natural disasters, terrorism, war, telecommunication failures and cyber security attacks, such as computer viruses, ransomware attacks or unauthorized access. Any system failure or accident that disrupts the Funds' operations could result in a material disruption to the Funds. The Funds can also incur additional costs to remedy damages caused by such disruptions. Any compromise of Cortland's security could result in a violation of applicable privacy and other laws, unauthorized access to information of the Funds and the Funds' investors and others, significant legal and financial exposure, reputation damage, loss or misuse of the information and a loss of confidence in Cortland's security measures, which could harm the Funds' business.

***Business Disruption.*** Each Fund's business is vulnerable to damages from any number of sources, including computer viruses, unauthorized access, energy blackouts, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes and telecommunication failures. The extent of development and other operational delays, increased costs (including potential financing penalties as a result of delays), and losses in operating income in connection with such events will be a function of the severity of the event, the nature and scope of governmental responses to such event, the impact of the event on the workforce relied upon by the Funds and their investments, and the total amount of exposure in the affected area. To the extent a Fund's properties are geographically concentrated, it is possible that a regional epidemic or force majeure event particularly affecting this geographic region will have a materially adverse effect on a Fund's financial condition and business operations. Further, to the

extent a Fund's investments are specifically affected by or exposed to (or perceived to be affected by or exposed to) the occurrence of a contagious disease or illness, it is possible that this will adversely impact lease renewal rates for the affected Fund's properties or the ability of current tenants of a Fund's properties to pay rent. Although each Fund maintains customary business interruption insurance to cover income losses as a result of unanticipated business disruptions, it is possible that such policies exclude disruptions as a result of contagious diseases or other health crises. In addition, pandemics, epidemics and other human health crises could have negative impacts on a Fund's investments outside of the areas directly affected. To the extent that a disruptive health event adversely impacts travel and personnel movement, workforce availability and efficiency, and global manufacturing and supply chains for construction materials, such an event could have a significant adverse effect on Fund properties in jurisdictions not otherwise directly affected. Any decrease in operating income would reduce amounts available to be distributed from such investments and decrease overall returns to investors.

### **Risks Related to Real Estate Investments of the Funds**

***Investment in Real Estate Generally.*** The Funds invest in equity ownership and debt interests in real estate as part of its investment strategy. Accordingly, these investments are subject to the risks incident to the ownership of real estate and, to the extent the investments are leveraged, the risks incident to borrowing funds, including risks associated with changes in the general economic climate, changes in the overall real estate market, local real estate conditions, the financial condition of tenants, buyers, and sellers of properties, supply of or demand for competing properties in an area, technological innovations that dramatically alter space and demand requirements, the availability of financing, changes in interest rates, competition based on rental rates, energy and supply shortages, various uninsured and uninsurable risks, government regulations, environmental laws and regulations, zoning laws, environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established, changes in the relative popularity of property types and locations, risks due to dependence on cash flow, and risks and operating problems arising out of the presence of certain construction materials, force majeure, acts of war (declared and undeclared), terrorist acts, strikes and other factors which are beyond the control of the Funds. Furthermore, there can be no assurance that there will be tenants for the properties.

***Costs of Operating Real Estate Investments.*** The cost of operating a property, including providing for capital improvements, can exceed the property's rental income and operating resources, and it is possible that the Funds will have to advance funds to protect an equity investment or will be required to dispose of investments on disadvantageous terms if necessary to raise needed funds. Certain expenditures associated with real estate equity investment, such as property taxes, utility costs, debt service, maintenance costs and insurance, tend to increase and generally do not decrease as a result of events adversely affecting rental revenues. Moreover, while the Investment Manager generally intends for the Funds to purchase insurance to cover casualty losses and general liability, it

is possible that such insurance will not be available, will be available only at prohibitive costs or will be insufficient to cover losses from ongoing operations and other risks such as earthquake, flood or environmental contamination.

***Underlying Demographic Characteristics.*** Over the long term, Investment Manager believes strong underlying demographic characteristics and trends in multifamily markets in which the Funds are likely to invest will increase demand for multifamily units and result in higher rental rates and reduced vacancies. If this is not the case, each Fund's ability to effect its growth strategies will be adversely affected.

***Real Estate Illiquidity.*** Real estate investments are relatively illiquid. The ability of the Funds to vary or dispose of its investments in response to changes in economic and other conditions will be limited. No assurances can be given that the fair market value of any real property acquired by the Funds will not decrease in the future or that a Fund will recognize full value for any property that a Fund is required to sell for liquidity reasons. It is possible that the Funds will not be able to dispose of properties on timeframes with respect to which it desires to do so, or at all.

***Actions by Competitors.*** The acquisition of multifamily properties entails various risks, including risks that investments will not perform as expected. Further, the Funds will face competition for attractive investment opportunities from other real estate investors, including local real estate investors and developers, as well as multifamily residential property sector REITs, income-oriented non-traded REITs and private real estate fund managers, some of which own properties similar to the Funds' properties in the same submarkets in which the Funds' properties are located. The Funds' properties compete on the basis of a wide range of factors, including location, age, functionality, construction quality, maintenance and design. If a Fund's competitors sell assets similar to assets the Fund intends to divest in the same markets and/or at valuations below a Fund's valuations for comparable assets, it is possible such Fund will be unable to divest its assets at favorable pricing, on favorable terms or at all. In addition, if a Fund's competitors offer space at rental rates below current market rates or below the rental rates a Fund currently charges its customers, the Fund can lose potential customers, and a Fund can be pressured to reduce its rental rates below those the Fund currently charges in order to retain customers when its customers' leases expire. As a result, the Funds' financial condition, results of operations, cash flow and ability to make distributions to investors in the Funds could be materially adversely affected.

***Development Risks.*** The real estate development business, including the renovation and rehabilitation of existing properties, involves significant risks in addition to those involved in the ownership and operation of established investments. Development activities in general are likely to be exposed to the following risks: a Fund is unable to obtain, or face delays in obtaining, necessary zoning, land-use, building, occupancy, and other required governmental permits and authorizations, which can result in increased costs and potentially require a Fund to abandon their activities entirely with respect to the project for which it is unable to obtain permits or authorizations; a Fund incurs

construction costs for an investment which exceed its original estimates due to increased land, materials, labor or other costs, which can make completion of the investment uneconomical, and a Fund is not be able to increase rents to compensate for the increase in construction costs; a Fund can abandon development opportunities that it has already begun to explore because of an inability to obtain financing with favorable terms or otherwise, and it could fail to recover expenses already incurred in connection with exploring those opportunities; the Funds are unable to complete construction and lease-up of an investment on schedule, resulting in increased debt service expense and construction costs; a newly developed investment can fail to achieve expected occupancy and rental rates and can fail to perform as expected; and a Fund is not able to successfully integrate newly developed properties. The occurrence of one or more of the difficulties listed above in connection with a Fund's renovation and development activities can have an adverse effect on a Fund's financial condition, results of operations, cash flow and ability to make distributions to investors. Investors should not subscribe to or invest in the Funds unless they can readily bear the consequences of such loss.

***Underperforming and Distressed Assets.*** The Funds are permitted to make investments in underperforming or other distressed assets utilizing leveraged capital structures or purchase loans relating to real estate assets. By their nature, these investments will involve a high degree of financial risk, and there can be no assurance that a Fund's return objectives will be realized or that there will be any return of capital. Furthermore, investments in properties operating in workout modes or under Chapter 11 of the United States Bankruptcy Code are, in certain circumstances, subject to certain additional potential liabilities that can exceed the value of a Fund's original investment. In addition, under certain circumstances, payments to a Fund and distributions by a Fund to investors can be reclaimed if such payments or distributions are later determined to have been fraudulent conveyances or preferential payments. Numerous other risks also arise in the workout and bankruptcy contexts.

A Fund's investment activities, particularly involving companies in distressed situations, can result in it becoming involved as a creditor in bankruptcy cases. In addition, the Funds are permitted to purchase securities or assets of, or claims against, companies in bankruptcy.

Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court will potentially not approve actions that can be contrary to the interests of a Fund. For example, with respect to mortgaged properties based on ground lease interests, a ground lease could be terminated in a bankruptcy proceeding notwithstanding lender protection provisions contained in the ground lease or in the mortgage.

The debt of companies in financial reorganization will in most cases not pay current interest, will potentially not accrue interest during the reorganization and can be adversely affected by an erosion of the debtor's fundamental value drivers. Investments in such companies or in the debt of such companies can result in a total loss of the investment.

U.S. bankruptcy law permits the classification of “substantially similar” claims in determining the classification of claims in a reorganization for purposes of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that a Fund’s influence with respect to a class of claims can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority over the claims of certain creditors (for example, claims for taxes) can be quite high.

The Funds run additional risks in bankruptcy to the extent that certain of the Funds’ investments can, at times be subordinated to senior lenders and, in the case of mezzanine loans, such investments have the possibility to be treated solely as equity in limited circumstances. Furthermore, distributions made to a Fund in respect of such investments, and distributions by a Fund to its investors, can be recovered if such distributions are found to be a “fraudulent conveyance” (which does not require a finding of actual fraud) or a preferential payment under the Bankruptcy Code. Bankruptcy laws can delay the ability of a Fund to realize on collateral for loan positions held by it or adversely affect the priority of such loans through doctrines such as equitable subordination or result in a restructuring of the debt through principles such as the “cram down” provisions of the bankruptcy laws. Subordinate lenders are typically required to enter into intercreditor or other agreements with senior lenders or senior noteholders, and also to enter into such agreements in connection with participation and syndication interests. These agreements will potentially deprive the subordinate lenders of any influence in the bankruptcy proceedings. For example, in the event of a default under a syndication or participation interest, typical inter-creditor language can provide that most of the important mortgage loan control rights (including the right to approve a workout plan for the property) are exercised by majority voting rights, with certain fundamental rights requiring unanimous approval. In the event of a default under the mortgage loan senior to a subordinate debt interest, most of the important mortgage loan control rights (including the right to approve a workout plan for the property) reside with the senior note holder, who would generally retain these rights unless certain trigger events occur. Thus, a Fund can be deprived of any control or influence over its investment if the entity in which a Fund invested files for bankruptcy protection.

***Possible Inability to Renew Leases or Relet Space as Leases Expire.*** The Funds will derive most of their income from rent received from the tenants of the properties. Substantially all of the leases for multifamily units are expected to be short-term leases (generally, one year or less in duration). Multifamily residents can leave after the end of their lease term without any penalty. As a result, the Funds’ rental revenues can be impacted by declines in market conditions more quickly than if the leases for multifamily units were for longer terms. Accordingly, the Funds’ financial condition, results of operations, cash flow and its ability to make distributions to investors could be adversely affected if they are unable to promptly relet or renew expiring leases, or if the rental rates upon renewal or reletting are significantly lower than expected. There can be no assurance that the Funds will be able to lease their vacant space, renew their expiring leases, increase their occupancy or generally realize the potential of low-yielding assets (including the completion and leasing of their renovation projects

and leasing of their vacant and under-leased buildings). Further, the Funds' ability to rent space and the rents that they can charge are impacted, not only by customer demand, but by the number of other properties they have to compete with to appeal to customers.

***Possible Need to Make Significant Expenditures to Retain and Attract Tenants.*** Each Fund could, upon expiration of leases at its properties, be required to make rent or other concessions to customers, accommodate requests for renovations, and other improvements or provide additional services to customers. As a result, it is possible that the applicable Fund will be required to make significant capital and other expenditures in order to retain customers whose leases expire and to attract new customers in sufficient numbers. Additionally, it is possible that each Fund will need to raise additional capital to make such expenditures. If a Fund is unable to do so or capital is otherwise unavailable, the Fund will be unable to make the required expenditures. This could result in non-renewals by customers upon expiration of their leases, or an inability to attract new customers, which could materially and adversely affect the applicable Fund's financial performance.

***Potential Inability to Complete Divestitures on Advantageous Terms.*** Although the Funds will generally target investments for long term hold periods, they will divest themselves of properties when the Investment Manager believes it is the appropriate time to sell a property or when the Investment Manager determines that a property no longer meets a Fund's strategic objectives, provided that the Investment Manager can negotiate acceptable terms and conditions for the divestiture. The Funds' ability to dispose of properties on advantageous terms depends on factors beyond their control, including competition from other sellers, and the availability of attractive financing for potential buyers of the properties. If a Fund is unable to dispose of properties on favorable terms, then its financial condition, results of operations, cash flow and ability to make distributions to investors could be adversely affected.

***Contingent or Unknown Liabilities.*** It is possible that the Funds will in the future acquire properties or entities subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities. As a result, if a liability were asserted against a Fund based upon ownership of any of these properties or entities, then it might have to pay substantial sums to settle such claim, which could adversely affect its cash flow. Unknown liabilities with respect to the Funds' properties or entities acquired can include title defects, title disputes, liens, servitudes or other encumbrances, liabilities for clean-up or remediation of undisclosed environmental conditions, losses in excess of insured coverage, claims of customers, vendors or other persons dealing with the Funds' predecessors prior to the formation transactions or the former owners of the properties, accrued but unpaid liabilities incurred in the ordinary course of business, tax, legal and regulatory liabilities and claims for indemnification by the Investment Manager, officers and directors and others indemnified by the Funds' predecessors or the former owners of the properties.

Although the Investment Manager undertakes due diligence investigations which the Funds believe to be reasonable, the Funds cannot assure their reviews, surveys or inspections would have revealed any

or all defects or deficiencies affecting the applicable properties, including to the title thereof and existing environmental contamination or hazardous substances thereon.

***Risks of Leverage.*** The Funds' investment strategy assumes leverage in making investments. The Funds' ability to access private debt and equity capital on favorable terms, or at all, is dependent upon a number of factors, including general market conditions, the market's perception of the Funds' growth potential and the Funds' current and potential future earnings and cash distributions. Because the Funds intend to utilize a leveraged capital structure, a third party would be entitled to cash flow generated by such investments prior to a Fund receiving a return. While such leverage can increase returns or the funds available for investment by the Fund, it also will increase the risk of loss on a leveraged investment. Subject to the limitations described in the Governing Documents, indebtedness can be incurred in connection with the operations of a Fund.

The use of leverage involves a high degree of financial risk and can increase the effect on the properties of factors such as rising interest rates, downturns in the economy or deterioration in the condition of the properties. Continued lagging growth and future adverse economic conditions could result in higher interest rates which could increase debt service requirements on floating rate debt and could reduce the amounts available for distribution to investors. In addition, a Fund can incur yield maintenance penalties or costs if it borrows or assumes fixed rate debt. Continued lagging growth and future adverse economic conditions also could cause the terms on which borrowings become available to be unfavorable. Principal and interest payments on any indebtedness would have to be made when they become due and payable regardless of whether sufficient cash is available. In addition, to the extent that a Fund obtains a credit facility that is secured by the investors' funding obligations, under certain circumstances, the investors could be required to contribute capital to a Fund to enable it to meet its obligations under such credit facility. If sufficient cash flow is not available to meet principal and interest payments, a default in paying such principal and interest could result in foreclosure of any security instrument securing the debt, the complete loss of the capital invested in the particular property and, in some cases, recourse by the lender to other properties. Certain tax-exempt investors can be subject to unrelated business taxable income because of the Funds' use of leverage.

Although the Investment Manager generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund bears liability for all or part of the obligations of another Fund, in certain circumstances (i) a cross-guarantee would be more efficient and convenient for administrative purposes and/or (ii) lenders and other market parties negotiate for the right to face only select Fund entities, which would result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In each such case, the Investment Manager intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or other similar reimbursement arrangement; provided, however, that the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

***Variable Rate Indebtedness.*** The Funds acquire investments subject to financing that provides for adjustments in the interest rate at various monthly, annual or other intervals. An increase in the interest rate as a consequence of such adjustment (i) would result in less income to a Fund, (ii) can reduce distributions to investors, (iii) can cause negative amortization, and (iv) can cause a Fund to determine to sell an investment prematurely or on less favorable terms than might otherwise be obtained. Similarly, with respect to debt held by a Fund that is based on variable interest rates, the Fund is subject to the risk that such interest rates will decline.

The Funds are permitted to employ a hedging strategy to protect against variable interest rate risk and certain of the Funds' borrowings can contain covenants requiring the Fund to employ hedging techniques. The use of hedging techniques carries certain risks, including the risk of counterparty failure, the risk that losses on a hedge position will reduce the Fund's earnings and funds available for distribution to investors, and indeed, that such losses will exceed the amount invested in such instruments. There is no perfect hedge for any investment, and it is possible that a hedge will not perform its intended purpose of offsetting losses on an investment.

***Conduit Loan.*** A type of mortgage loan that often is used to finance commercial real estate is a so-called "Conduit Loan." A Conduit Loan is a mortgage loan that has been sold, often in a pool of mortgage loans, to secure a bond portfolio. The mortgage then is owned by a trustee for the benefit of bondholders and is serviced by a mortgage loan servicer that has limited authority to make any investment decisions concerning the individual mortgage that encumbers a property. It is possible that properties that the Funds will invest in will be encumbered by Conduit Loans.

Conduit Loans generally are not prepayable during their terms and have severe restrictions on sale of the properties and the entities that own the properties and subordinate financing. These restrictions will adversely affect the Funds' ability to sell or refinance properties during the terms of the Conduit Loans.

Conduit Loans, like other commercial mortgages, include numerous covenants and restrictions affecting the ownership and operations of the properties, in certain circumstances restricting distributions. With respect to a property subject to a Conduit Loan, the Funds will need to obtain the mortgage holder's consent to take any action which is restricted by the mortgage loan. Obtaining such consent, however, can be difficult because the servicer is limited in its ability to make decisions not expressly allowed under its contract with the bondholders. Inability to obtain the mortgage holder's consent to actions can adversely affect the financial performance of the properties and expose the properties to defaults under the conduit mortgage.

Many Conduit Loans will require that the borrower has a general partner or a manager or entity that has an independent director whose consent is required in order for the borrower to seek the protection of the bankruptcy laws to avoid foreclosure. Inability to use the bankruptcy laws to protect the Funds'

equity against foreclosure is a substantial detriment to a Fund in circumstances when a foreclosure could be avoided when additional time is needed to allow a Fund to consummate a transaction or to allow market conditions to improve to avoid foreclosure.

The Funds are not restricted from obtaining mortgage loans packaged into Conduit Loans and sold. Accordingly, the ability of the Investment Manager to refinance properties, to prepay mortgages, or to sell or otherwise dispose of properties, in each case when it is otherwise in the best interests of the Funds and its investors to do so, can be restricted, which could reduce the value of an investment in a Fund or a Fund's ability to make distributions to its investors.

***Refinance Risk.*** In some cases, a Fund will potentially repay only a small portion of the principal of its debt prior to maturity. Accordingly, it is possible that a Fund will need to refinance at least a portion of their outstanding debt as they mature. There can be no guarantee that a Fund will be able to refinance existing debt and the terms of any refinancing will not always be as favorable as the terms of its existing debt. This risk can be exacerbated by continued lagging growth and future adverse economic conditions. If a Fund is unable to refinance or extend principal payments due at maturity or pay them with proceeds of other capital transactions, there is a risk that a Fund's cash flow will not be sufficient to make distributions to investors and to repay all such maturing debt. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the reluctance of lenders to make residential real estate loans) result in higher interest rates upon refinancing, then the interest expense relating to that refinanced indebtedness would increase.

***Covenants in Debt Agreements.*** The terms of the Funds' credit agreements and other indebtedness can require that the Funds comply with a number of customary financial and other covenants, such as maintaining debt service coverage and leverage ratios and maintaining insurance coverage. These covenants can limit flexibility in the Funds' operations, and its failure to comply with these covenants could cause a default under the applicable debt agreement even if they have satisfied their payment obligations. The Funds are permitted to incur pooled or cross-defaulted debt financing. If a Fund defaults on any of these loans, it can then be required to repay such indebtedness, together with applicable prepayment charges, to avoid foreclosure on all the cross-collateralized properties within the applicable pool. Foreclosure on the properties, or its inability to refinance its loans on favorable terms, could adversely impact a Fund's financial condition, results of operations, cash flow and ability to make distributions to investors. Moreover, if the Funds' subsidiaries that are borrowers under cross-collateralized mortgage loans fail to maintain certain cash flow minimums or a debt service coverage ratio, the cash generated by those subsidiaries will be restricted and unavailable for use. If the pools under these mortgage loans were to fail to maintain the applicable cash flow minimums or debt service coverage ratio, the Funds' ability to make distributions to Fund investors would be materially limited. In addition, the Funds' credit agreements on occasion contain certain cross-default provisions, which would be triggered in the event that its other material indebtedness is in default. These cross-default provisions could require a Fund to repay or restructure indebtedness under such credit agreements in addition to any mortgage or other debt that is in default, which could adversely

affect a Fund's financial condition, results of operations, cash flow and ability to make distributions to investors.

***Risks of Secured Indebtedness.*** The Funds are permitted to grant certain of its lenders security interests in certain of its assets and real property, including certain cross-collateralized and cross-defaulted pools of real property. Incurring secured indebtedness, including mortgage indebtedness, increases the Funds' risk of asset and property losses because defaults on indebtedness secured by its real property can result in foreclosure actions initiated by lenders and ultimately a Fund's loss of the property or other assets securing any loans for which a Fund is in default. Any foreclosure on a mortgaged property or group of properties could have a material adverse effect on the overall value of the Funds' properties and more generally on a Fund. For U.S. federal income tax purposes, a foreclosure of any of the Funds' properties would be treated as a sale of the property for a purchase price equal to the outstanding balance of the indebtedness secured by the mortgage. If the outstanding balance of the indebtedness secured by the mortgage exceeds a Fund's adjusted tax basis in the property, the Fund would recognize taxable income on foreclosure, but would not receive any cash proceeds, which could materially and adversely affect the Fund and distributions to investors.

***Dislocations in Credit Markets and Real Estate Markets.*** Domestic and international financial markets have in recent years experienced significant dislocations brought about in large part by failures in the United States and European banking systems, as well as other crises in the Eurozone, some of which are ongoing. These dislocations have impacted the availability of credit and lenders' underwriting standards. Constraint in the credit markets, particularly if such constraint focuses on the product type that consist of multifamily properties, which are the Funds' targeted asset class, can hinder the Funds' ability to borrow monies to finance the purchase of, or other activities related to, its multifamily communities. If a Fund is unable to borrow monies on terms and conditions that the Investment Manager finds acceptable, the Fund likely will have to reduce the number of properties it can purchase, and the return on the properties the Fund does purchase can be lower. Also, if the values of a Fund's properties decline, it will potentially be unable to refinance all of the Fund's debt as it matures. All of these events would have a material adverse effect on the Funds' results of operations, financial condition, and ability to pay distributions.

***Financial Institution Risk; Distress Events.*** An investment in a Fund is subject to the risk that one of the Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Fund's assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, the Investment Manager, the Funds and/or their investments may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are

insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation (“FDIC”), in the case of banks, or the Securities Investor Protection Corporation (“SIPC”), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of the Investment Manager to manage the Funds and their investments, and on the ability of the Investment Manager, any Fund and/or investments to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include a Fund to pay fees and expenses in the event the Fund is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Fund to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of the Investment Manager and/or the properties to make payroll, fulfill obligations and maintain operations. Although the Investment Manager expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays. In addition, in the event the Investment Manager determines to change Financial Institutions, there is a risk that the transfer of cash or other assets, especially if done in an expedited manner, will result in a technical violation of Advisers Act Rule 206(4)-2 (the “Custody Rule”), even if performed in the Investment Manager’s best judgment of its efforts to fulfill its obligations and maintain operations, including its ability to close transactions, make payroll or otherwise.

Many Financial Institutions require, as a condition to using their services or otherwise, that the Investment Manager and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with such Financial Institution or its affiliate(s) (each, a “Custodian”), which heightens the risks associated with a Distress Event with respect to such Custodians. Although the Investment Manager seeks to do business with Custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, the Investment Manager is under no obligation to use a minimum number of Custodians with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

***Non-Controlled Investments.*** Certain of the Funds invest in joint ventures with third parties. Some of the joint venture agreements result in shared or limited control with respect to such investments. Those investments involve risks not present in other types of investments, such as the possibility that the other party(ies) will become bankrupt or have economic or business interests or goals inconsistent

with those of the Investment Manager. Actions taken by those persons can subject the investment to liabilities in excess of or other than those contemplated by the Investment Manager. In certain circumstances, a Fund can be liable for actions of its co-venturers or partners. It can also be more difficult for the Investment Manager to sell the interests in those investments. If control over an investment is shared with another person, deadlocks could result which could delay the execution of the business plan for the investment, require the Fund to engage in a buy-sell of the venture with the co-venturer or partner, conduct the forced sale of such investment or otherwise adversely affect the investment's returns or value. In addition, joint ventures and other entities in which a Fund invests typically provide compensation to the other joint venturer or other parties in connection with the acquisition, financing, asset management, property management, development, construction, and disposition of investments. In addition, with respect to GP Assets, the Funds can take disproportionate risks on pursuit costs and cost-overruns relative to investors capital. Finally, in situations where a Fund acquires a GP Asset, the Fund will potentially bear disproportionate risks with respect to pursuit costs and cost-overruns relative to the investor's capital in such GP Asset.

***Inability to Pass Through Increases in Operating Expenses and Other Real Estate Costs.*** The Funds are limited in their ability to pass through to tenants under existing leases any increases in operating expenses, taxes, including real estate and income taxes or other real estate related costs. Unless a Fund is able to offset any unexpected costs with sufficient revenues through new leases or tenants, the Fund can be materially and adversely affected by increases in operating expenses.

***Contingent Liabilities Relating to Dispositions of Properties.*** In connection with any disposition of an investment, a Fund can be required to make representations about the investment. A Fund also can be required to indemnify the purchaser of the investment to the extent that any such representations are inaccurate. These arrangements can result in the incurrence of contingent liabilities for which the Investment Manager is permitted to establish reserves or escrow accounts. Under the Delaware Revised Uniform Limited Partnership Act (the "Act"), each investor that receives a distribution in violation of such Act will, under certain circumstances, be obligated to recontribute such distribution to the Fund.

***Compliance with Local Regulatory Requirements.*** The Funds' properties are subject to various covenants and local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances, zoning restrictions and other restrictive covenants imposed by local authorities or private community organizations can restrict the use of the Funds' properties and require a Fund to obtain approval from such bodies at any time with respect to a Fund's properties, including prior to acquiring or developing such properties or when developing or undertaking renovations of such properties. Among other things, these restrictions can relate to fire and safety, seismic, asbestos-cleanup or hazardous material abatement requirements. The Funds cannot assure that existing regulatory policies will not adversely affect a Fund or the timing or cost of any future acquisitions, developments or renovations, or that additional regulations will not be adopted that would increase such delays or result in additional costs. The Funds' strategy can be

materially and adversely affected by its ability to obtain permits, licenses and zoning approvals. The Funds' failure to obtain such permits, licenses and zoning approvals could have a material adverse effect on its financial performance.

***Environmental Matters.*** Real property is subject to U.S. federal and state environmental laws, regulations, and administrative rulings which, among other things, establish standards for the treatment, storage and disposal of solid and hazardous waste. Real property owners are subject to U.S. federal and state environmental laws which impose joint and several liability on past and present owners and users of real property for hazardous substance remediation and removal costs. Therefore, there can be exposure to substantial risk of loss from environmental claims arising in respect of any property with undisclosed or unknown environmental problems (including, without limitation, mold, mildew and organic growth) or as to which inadequate reserves have been established. These laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. In addition, the Funds' liability as to any property is generally not limited under such laws and regulations and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to remediate such substances properly, can also adversely affect the owner's ability to sell or lease the property or to borrow using the property as collateral. The Funds also can be liable for environmental contamination of properties that are sold or for the release of hazardous or toxic substances from such properties. Some laws and regulations impose liability for the release of certain materials into the air or water from a property, including asbestos, and such release can form the basis for liability to third persons for personal injury or other damages. Other laws and regulations can limit the development of, and impose liability for, the disturbance of wetlands or the habitats of threatened or endangered species.

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

The Funds on occasion engage environmental experts to conduct such on-site studies and studies of the history and current usage of properties as they deem appropriate, and the Funds plans to take into account the cost of remediating or managing any identified contamination or other environmental

concern in determining whether to make an investment. However, environmental studies cannot guarantee that a Fund will be aware of all contamination at the properties it acquires and the costs of removal, management or remediation, either because such conditions were latent or because of changes in laws and regulations.

***Environmental, Social and Governance Matters.*** The Investment Manager recognizes that, for many investors, environmental, social or governance (“ESG”) concerns and the societal impact of their portfolios is an important consideration which cannot be viewed in isolation from overall investment performance. ESG will be taken into account in investment decisions, but the Investment Manager will focus on initiatives that it believes will improve investment performance; the Investment Manager does not offer ESG funds or impact funds, and investment performance is the primary consideration in making investments. ESG is only one of the many factors the Investment Manager will consider in making investment decisions, and unless otherwise required pursuant to a Fund’s Governing Documents, the weight placed on any such ESG considerations will be in the Investment Manager’s sole and absolute discretion. Further, applying ESG standards to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by the Investment Manager or any judgment exercised by the Investment Manager will reflect the beliefs or values of any particular investor or group of investors. Finally, an assessment of ESG factors is not necessarily determinative and the Investment Manager’s investment decisions will always be subject to being made in a manner that is consistent with the Investment Manager’s fiduciary duty to act in the best interests of the Fund’s investors.

In evaluating an investment and executing its ownership strategy, the Investment Manager expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause the Investment Manager to incorrectly assess a company’s ESG practices and/or related risks and opportunities.

To the extent that the Investment Manager engages with companies on ESG-related practices and potential enhancements thereto, there can be no guarantee that (i) such engagements will achieve either or both of the desired financial and social impact or results and/or (ii) the market or other stakeholders (community members, employees, residents, etc.) will view any such changes as desirable (either socially or to a Fund’s financial health).

There is a risk that the Funds will underperform other funds that do not take ESG-related factors into account or conversely, could underperform specialized funds that are largely or exclusively focused on sustainable investing principles.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and Investment Manager’s adoption and adherence to various such principles, frameworks, methodologies and tools

is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. Investment Manager's ESG policy and ESG practices could become subject to additional regulation in the future, and the Investment Manager cannot guarantee that its current approach will meet future regulatory requirements or predict the manner in which any such future requirements (including any enforcement with respect thereto) could affect a Fund or its investments, including with respect to future administrative burdens and costs.

*Climate Change.* The Funds are expected to acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Funds' business and operations. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, the Funds may be vulnerable to the following: risks of property damage to the Funds' investments; indirect financial and operational impacts from disruptions to the operations of the Funds' investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the Funds' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Funds' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

***Reliance on Third Party Information Subject to Significant Uncertainties.*** The Funds will obtain engineering and environmental reports to assist in determining whether to acquire properties and how to operate properties the Funds will own. However, these reports are not intended to be a representation as to the past, present or future value or engineering and environmental condition of the relevant property. Furthermore, different review methodologies or different sets of assumptions could affect the results of such reports and the conclusions drawn from them. Thus, different experts reviewing the same property could reach significantly different conclusions.

Engineering and environmental risks are often hidden or difficult to evaluate, and engineering and environmental reports do not always meaningfully assess such risks. If a Fund were to discover any significant, unidentified engineering or environmental liabilities, the value of the affected property

could fall, a Fund could be required to incur additional costs and discharge of the liability could be time consuming.

In addition, the Funds often rely on certain market reports and industry and market data and analyses obtained from independent third-party industry sources in order to make property investment and operating decisions. The Funds generally do not independently verify the data or analyses obtained from these sources, and such data and analyses reflect the particular assumptions, estimates and judgments used by these sources at such times. Thus, the Funds cannot assure that any industry and market data and analyses obtained from these sources are accurate evaluations of the relevant market conditions at the time a Fund uses them to make investment or operating decisions. If any of these data or analyses proves to be incorrect, misleading or incomplete, any decisions a Fund makes in reliance on such data or analyses expose a Fund to potential risks. For example, it is possible that a Fund will be induced to make certain investments at prices that are too high, to sell certain other investments at prices that are too low or to miss favorable opportunities altogether.

***Force Majeure.*** There is risk that a Fund's investments will be affected by force majeure events (*i.e.*, events beyond the control of the party claiming that the event has occurred, including, without limitation, energy blackouts, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes and telecommunication failures). It is possible that some force majeure events will adversely affect the ability of a party (including a portfolio investment, a tenant of a portfolio investment, a counterparty of a portfolio investment or a counterparty of a Fund) to perform its obligations until it is able to remedy the force majeure event. It is possible that such a party will also claim force majeure for nonperformance of its contract obligations to a Fund, a portfolio investment, a tenant of a portfolio investment, a counterparty of a portfolio investment or a counterparty of a Fund. In addition, the cost of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force majeure events (such as war or an outbreak of an infectious disease) can have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which a Fund invests specifically. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more portfolio investments or its assets, could result in a loss to the Funds or any of them, including if its investment in such portfolio investment is canceled, unwound or acquired (which could be without what a Fund considers to be adequate compensation). Any of the foregoing would therefore adversely affect the performance of a Fund and its investments.

***All Losses Not Covered by Insurance.*** Uninsured and underinsured losses could harm the Funds' financial condition, results of operations, and ability to make distributions to its investors. Various types of catastrophic losses, such as losses due to wars, riots, nuclear reaction, terrorist acts, earthquakes, floods, hurricanes, pollution or environmental matters, generally are either uninsurable or not economically insurable, or can be subject to insurance coverage limitations, such as large deductibles or co-payments. In the event of a catastrophic loss, there can be no guarantee that the

Funds' insurance coverage will be sufficient to cover the full current market value or replacement cost of its lost investment. Should an uninsured loss or a loss in excess of insured limits occur, a Fund could lose all or a portion of the capital it has invested in an investment, as well as the anticipated future revenue from the investment. In that event, a Fund might nevertheless remain obligated for any notes payable or other financial obligations related to the investment. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the properties pledged as collateral for loans and other factors might also keep the Funds from using insurance proceeds to replace or renovate an investment after it has been damaged or destroyed. Under those circumstances, the insurance proceeds a Fund receives might be inadequate to restore the Fund's economic position on the damaged or destroyed investment.

### **Tax Considerations and Other Regulatory Risks**

***Investor's Tax Liability Exceeding Cash Distributions Received from a Fund.*** Investors will recognize their allocable share of a Fund's income, gain, loss, deductions and credits each year whether or not they receive any cash distributions from the Fund. There is no assurance that a Fund will be profitable or be able to make annual distributions in any amount, and the Investment Manager is permitted to cause a Fund to retain and reinvest substantially all of the net proceeds from sales or other dispositions of properties, as well as dividends, interest and other income. If a Fund REIT does not have sufficient cash in order to make distributions equal to its net taxable income and its capital gain income or a Fund REIT otherwise determines not to make cash distributions, a Fund expects to agree with a Fund REIT to accept a consent dividend, in which case a Fund REIT will be treated as making a distribution, and a Fund will be treated as receiving a distribution, equal to the amount of the consent dividend, without receiving any related cash distributions from a Fund REIT.

Accordingly, it is possible investors will be required to pay taxes on their income from their investment in a Fund for any taxable year without receiving any cash distributions from a Fund with which to pay such taxes, and in such event, investors will have to utilize other means with which to satisfy such tax liabilities. Moreover, in the event that an asset of a Fund is subject to any indebtedness at the time it is sold, the gain from such sale that is allocated to investors can exceed the amount of the cash proceeds distributed to investors by the Fund.

***Unrelated Business Taxable Income for U.S. Tax-Exempt Investors.*** It is possible that a Fund will make investments that cause tax-exempt investors to have unrelated business taxable income ("UBTI"). However, so long as a Fund REIT is not a "pension-held REIT," any tax-exempt investor that has not incurred acquisition indebtedness to purchase its investment in a Fund should not recognize UBTI with respect to the applicable Fund's investments made through a Fund REIT, assuming that the Funds do not incur any indebtedness directly. If a Fund REIT is or becomes a "pension-held REIT," however, an investment in the applicable Fund could cause a portion of a tax-exempt investor's dividends from a Fund REIT to be treated as UBTI. Investments other than through a Subsidiary REIT will likely generate UBTI. Prospective investors that are tax-exempt

entities should consult their tax advisors prior to making an investment in the applicable Fund as to potential UBTI from an investment in a Fund and other tax consequences that can apply to their particular situations.

***Taxation of Fund REITs.*** Each Fund REIT will elect to be taxed as a REIT under Sections 856 through 860 of the Code, and it will endeavor to operate so as to qualify as a REIT. Due to the complexity of the requirements for REIT qualification, the importance of ongoing factual determinations, and the possibility of adverse changes in the law, no assurance can be given that a Fund REIT will qualify as a REIT for any particular taxable year. If a Fund REIT fails to qualify as a REIT in any taxable year, it will be required to pay U.S. federal income tax on its taxable income at the regular corporate tax rate, and distributions by a Fund REIT will not be deductible in computing its net taxable income. Furthermore, the failure to qualify as a REIT in a taxable year would disqualify the applicable Fund REIT from treatment as a REIT for the next four taxable years, unless a Fund REIT is entitled to relief under certain Code provisions. If a Fund REIT is not treated as a REIT for U.S. federal income tax purposes, the resulting corporate tax burden would likely cause its net earnings available for distribution or reinvestment to be significantly reduced. It is possible that future legislation, new regulations, administrative interpretations or court decisions will significantly change the tax laws or the application of the tax laws with respect to qualification as a REIT. Any such change could adversely affect a Fund REIT's ability to qualify as a REIT or the federal income tax consequences of such qualification.

***Adverse Effect of Failure to Qualify as a "Domestically Controlled REIT" on Certain Investors.*** Gain recognized by non-U.S. investors from the sale or exchange of units generally is subject to tax in the United States. Such gain is not subject to U.S. tax, however, if, at the time of the sale, a Fund REIT is a "domestically controlled REIT," meaning that, for the five-year period preceding the sale (or, if shorter, the period during which a Fund REIT was in existence), less than 50% of the value of a Fund REIT's shares have been held, directly or indirectly, by foreign persons. If a Fund REIT is domestically controlled at the time a non-U.S. investor sells its units, any gain realized by such investor should not be subject to tax in the United States. If a Fund REIT is domestically controlled at the time a non-U.S. investor has its units redeemed, any gain realized upon such redemption should also not be subject to tax in the United States, except to the extent the redemption distribution is treated as being attributable to gains generated by a Fund REIT from the sale or exchange of its U.S. real property interests. The governing documents of a Fund REIT will, in the Investment Manager's discretion, contain transfer restrictions designed to prevent the issuance, redemption or transfer of units if such issuance, redemption or transfer would cause the applicable Fund REIT to cease to be domestically controlled.

***Recent Tax Reform Legislation and Possible Legislative or Other Developments.*** All statements contained herein concerning the U.S. federal income tax consequences of an investment in a Fund are based upon existing law and the interpretations thereof. The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and

by the IRS and the U.S. Department of Treasury (“Treasury”), resulting in revisions of established interpretations of the law as well as statutory changes. In particular, tax reform legislation, commonly known as the Tax Cuts and Jobs Act (“TCJA”), which generally takes effect for taxable years beginning on or after January 1, 2018 (subject to certain exceptions), makes many significant changes to the U.S. federal income tax laws that will profoundly impact the taxation of individuals, corporations and taxpayers with overseas assets and operations. A number of changes that affect noncorporate taxpayers will expire at the end of 2025 unless Congress acts to reinstate them.

These changes will affect investors in various ways, some of which are adverse or potentially adverse compared to prior law. To date, the IRS has issued considerable guidance with respect to certain of the new provisions, however, certain interpretive issues remain which will require guidance. Therefore, no assurance can be given that the currently anticipated income tax treatment of an investment in a Fund will continue to be available or will not be modified by legislative, judicial, or administrative changes, possibly with retroactive effect, to the detriment of a Fund and its investors.

The Biden administration is also considering certain proposals, including a significant increase in the tax rate applicable to capital gains for taxpayers whose earnings exceed certain thresholds, as well as an increase in the corporate tax rate and a potential limitation of the applicability of Section 1031 of the IRS Code (“Code”). Section 1031 of the Code currently provides that under certain conditions no gain or loss is recognized if a taxpayer (i) transfers property held for productive use in a trade or business, or for investment, and (ii) subsequently receives like-kind property to be held either for productive use in a trade or business, or for investment. The availability of Section 1031 “like-kind exchanges” increases the marketability of properties which the Funds plan to acquire. Therefore, the repeal or significant amendment of Section 1031 of the Code will potentially have an adverse effect on the marketability of the Funds’ properties.

**The following risk is applicable only to the Opportunistic Funds.**

***Investments Longer than the Term Could Result in the Disposition of an Investment at a Disadvantageous Time.*** It is possible the Funds will invest in properties which will not be advantageously disposed of prior to the date that a Fund will be dissolved, either by expiration of the Fund’s term or otherwise. Although the Investment Manager expects that investments will either be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, it is possible a Fund will have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

**Certain Potential Conflicts of Interest**

The Investment Manager and its affiliates will be subject to various conflicts of interest in carrying out their responsibilities to the Funds. The following discussion enumerates certain actual and potential conflicts of interest that should be carefully evaluated before making an investment in a Fund.

Pursuant to the Governing Documents of each Fund, an advisory board of investor representatives is established for each Fund, and the Investment Manager can in certain situations choose to consult with, or receive the approval of, the advisory board with respect to specific conflicts of interest. The following summary is not intended to be an exhaustive list of all conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact intensive and it is not possible to foresee every conflict of interest that will arise during a Fund's life. Investors should be aware that the Investment Manager, its personnel, and its affiliates will likely in the future engage in further activities that can result in additional conflicts of interest not addressed below. There can be no assurance that the Investment Manager will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds. In particular, the Investment Manager expects in the future to identify additional conflicts of interest that currently are not apparent to the Investment Manager or to the broader alternative investments industry, as well as conflicts of interest that arise or increase in materiality as the Investment Manager develops new investment platforms or business lines and otherwise adapts to dynamic markets and an evolving regulatory environment. To the extent that the Investment Manager identifies conflicts of interest in the future, the Investment Manager intends to, but is under no obligation to, disclose these conflicts and their implications to investors through a variety of channels, including in subsequent Brochures or in other written or oral communications to the advisory boards or to investors more generally.

***Allocation of Investment Opportunities.*** Provided that the Income Fund has sufficient available capital, the Income Fund will have a priority right to make any investment in core and core-plus multifamily assets, consisting primarily of stabilized income-producing multifamily properties and multifamily properties which have characteristics of core assets, but which have the opportunity for increased cash flows through property improvements and management efficiencies, in each case sourced by the Investment Manager and its affiliates in the primary growth markets and other growth markets and otherwise consistent with the Fund's performance objectives and investment strategy (each of those core and core-plus assets, a "Priority Opportunity"). The Investment Manager shall determine in good faith whether a potential investment opportunity constitutes a Priority Opportunity and whether the Income Fund should acquire a Priority Opportunity. The Investment Manager and its affiliates have granted third parties rights of first refusal, rights of first offer or similar rights to certain investment opportunities sourced by the Investment Manager and its affiliates, and in the future the Investment Manager and its affiliates are similarly likely to grant such rights in favor of joint ventures in which other Investment Manager-sponsored vehicles invest or to the applicable joint venture partner to acquire potential investments located within a specified radius of the assets owned or acquired by such joint venture being allocated. As result, there can be no guarantee that the Income Fund will acquire some investments sourced by the Investment Manager and its affiliates that are Priority Opportunities.

From time to time, one of more of the Opportunistic Funds will be in its investment period, primarily targeting a "value-add" execution strategy, though may be permitted to acquire core-plus opportunities through a Subpartnership. Currently, the Income Fund is permitted to invest up to 20% of the sum

of (i) the Fund net asset value and (ii) any undrawn capital commitments to the Fund in “value-add” opportunities. Where both the Income Fund and an Opportunistic Fund in its investment period desire (and are in a position to) acquire the same “value-add” opportunity, the vehicle that has waited the longest period of time since last being allocated a “value-add” investment that the Funds both desired and were in a position to acquire will be allocated the “value-add” investment.

The Investment Manager, the General Partner, Cortland and their affiliates are expected to raise, sponsor, manage or otherwise provide investment management and/or advisory services to other funds, investment vehicles, separate managed account arrangements and special purpose vehicles (each, an “Other Account”), some of which will have investment objectives similar to or that overlap with those of the current Funds and/or engage in transactions in the same type of investments or in different investments of the same issuers in which a Fund invests. These relationships and the activities in such Other Accounts will raise potential conflicts of interest, including the determination of whether and to what extent investments other than Priority Opportunities should be allocated to a Fund and/or such Other Accounts. The Investment Manager shall determine in good faith whether and to what extent an investment opportunity is appropriate for the Income Fund, an Opportunistic Fund and/or the Other Accounts, and whether such investment opportunity is a Priority Opportunity. Certain Other Accounts have investment objectives or guidelines that overlap with those of the Income Fund and an Opportunistic Fund, in whole or in part. With respect to any investment opportunity that does not constitute a Priority Opportunity but which is appropriate for the Income Fund and/or any Opportunistic Fund or Other Accounts, investment opportunities that fall within such common objectives or guidelines shall be allocated among the Income Fund, Opportunistic Fund and such Other Accounts on a basis that the Investment Manager determines to be fair and reasonable in good faith, subject to (i) any applicable investment limitations or terms of such Other Accounts the Income Fund and Opportunistic Fund and (ii) the Income Fund, Opportunistic Fund and such Other Accounts having available capital with respect thereto.

***Other Funds and Clients.*** The Investment Manager and its affiliates provide, and will in the future provide, real estate investment advice and perform related services for other funds and clients similar to the advice to be provided and services to be performed by the Investment Manager for the current Funds. Other Accounts are expected to be formed in the future with objectives which are the same as or similar to a current Fund’s objectives or that otherwise will seek to invest in properties that also would be acceptable for a Fund. Properties held by other Funds managed by or affiliated with the Investment Manager can compete with each other for tenants. In leasing properties that compete with the properties held by such other Funds, the Investment Manager could face certain conflicts of interest between the interests of its Funds.

Employees of the Investment Manager and its affiliates also invest in real estate for their own accounts. In addition, the Investment Manager and its affiliates invest separately from the General Partners in real estate for their own accounts, whether directly through affiliates, or in joint venture partnerships with non-client third parties. The Investment Manager will indirectly hold ownership interests from

time to time in multifamily properties that compete with the properties held by the Funds, and the Investment Manager could face certain conflicts of interests between its interests, the interests of its joint venture partners and the interests of the Funds.

***Use of Credit Facilities.*** The Funds are permitted to borrow funds pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate commitments available to be called. Utilizing the credit facility to borrow funds in advance or in lieu of calling capital affords the Investment Manager flexibility to manage cash flows to and from a Fund's investors and ease the investors' burden of responding to multiple capital calls. A Fund's use of such facilities will be determined by the Investment Manager, and the performance of a Fund can be impacted by how the Investment Manager causes a Fund to utilize such facilities. Although the use of such a facility has the potential to increase a Fund's ability to swiftly invest capital, it also will cause a Fund to incur interest expense and other costs. Potential conflicts of interest are expected to arise in that the use of such facilities likely would delay the need for investors to make certain contributions to a Fund, which has the potential to enhance a Fund's performance figures and thereby benefit the Investment Manager.

With respect to any asset-backed facility entered into by a Fund (or an affiliate thereof), a decrease in the market value of a Fund's investments would increase the effective amount of leverage and could result in a violation of certain financial covenants pursuant to which a Fund must either repay the borrowed funds to the lender, which could, subject to any limitations set forth in a Fund's Governing Documents, require investors to make additional capital contributions in respect of such borrowings, or suffer foreclosure or forced liquidation of the pledged assets.

In borrowing on behalf of a Fund, the Investment Manager is subject to potential conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of a Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, the Investment Manager is expected to have incentives to cause a Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when a Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the investors would otherwise be entitled had the Investment Manager called capital, and thus could result in the Investment Manager receiving carried interest sooner than it would without borrowing. In addition, when the management fee is calculated as a percentage of invested capital, an investor would pay management fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or

maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to investors will be commensurate with such costs.

***Demand on Senior Management.*** Other than any requirement that a key person devote reasonable time required to operate and execute the business of a Fund as set forth in applicable Governing Documents, the members of the senior management are not required to devote any specific portion of their business time and attention to the affairs of one particular Fund. Accordingly, none of them will devote all of his or her working time to the affairs of one Fund. The working time of the employees and owners of the Investment Manager will be subject to their substantial prior commitments to other business activities, including previous investments and investment vehicles, and potential future commitments to other business activities, investments and investment vehicles.

***Investor Transfer of Interest.*** In certain cases, the Investment Manager will have an opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of interest in a Fund. In the case of ordinary transfers, the Investment Manager will not receive compensation for identifying such transferees and will use its discretion to select such transferees based on eligibility and other factors, and unless required by the relevant Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors. On occasion, a General Partner has purchased an interest of a Fund investor.

***Transactions with Affiliates; Co-Investment.*** The Funds will from time to time engage in certain transactions with affiliates by purchasing investments from or through such affiliates (including investments that have been warehoused by a General Partner, the Investment Manager, Cortland or their respective affiliates), co-investing with such affiliates in certain investments and investing in entities in which such affiliates hold interests. Such investment transactions will generally be made on terms (including the consideration to be paid) that are determined by the relevant General Partner to be fair and reasonable to a Fund. If any such transaction involves the acquisition by a Fund of an asset from, or sale by the Fund of an asset to, an affiliate of the General Partner, the Investment Manager or Cortland (other than a purchase or sale from a Co-Investment Fund or the acquisition of warehoused assets), the advisory board must consent to or approve such transaction (or any conflict arising in connection therewith). Affiliates of the Investment Manager have an incentive to seek, refer, or recommend such investments to a Fund, or pay a price for such investments, or agree on other terms that are not as favorable as might be obtained from an unaffiliated third party acting on a completely arm's-length basis, as a result of such affiliates' financial interests in such investments.

The Investment Manager, on behalf of a Fund, on occasion permits other investors, affiliates of the Investment Manager or third party investors to co-invest with a Fund in certain investment opportunities where the Investment Manager believes such co-investment could offer a strategic advantage to a Fund or for any other reason as determined by the Investment Manager in its sole discretion (and such co-investment will not require the approval of the advisory board or the investors in the participating Fund). The Investment Manager can also, in its sole discretion, agree with certain

investors to offer such investors co-investment opportunities in priority to the other investors. Subject to the Governing Documents, such co-investors will generally participate with a Fund in any such opportunity on the same terms and conditions as the participating Fund and will exit such investment on substantially the same terms and conditions and at the same time as the participating Fund. The Investment Manager is permitted to enter into any compensation arrangements with such co-investors as the Investment Manager determines to be appropriate.

If one Fund co-invests with another Fund or vehicle sponsored by the Investment Manager or its affiliates, conflicts can arise in connection with this relationship including allocations of opportunities and variations in investment interest. For instance, the investment objectives or financial resources of the co-investing entity or entities can differ substantially from those of the relevant Fund. Although the Investment Manager generally expects that co-investments by such other Funds or accounts will be made on terms no more favorable to the investor than those applicable to the relevant Fund, any such co-investments can be made on terms that vary.

Any co-investments are subject to the risk that a co-investor will, at any time, have economic or business interests or goals that are inconsistent with those of the relevant Fund, or that such co-investor will take action contrary to a Fund's objectives. There can be no assurance that the Investment Manager will agree on all matters, and a Fund could take actions that are disadvantageous to other Funds. Moreover, any co-investments will likely be subject to regulatory or other limitations that are applicable to the relevant Fund. In addition, there can be no assurance that the return on a Fund's investment will be equivalent to or better than the returns obtained by its affiliates participating in the transaction. Further conflicts could arise once a Fund and its affiliates have made their respective investments. For example, if a company is unable to meet its payment obligations or comply with covenants relating to investments held by a Fund or by the other affiliates, such other affiliates can have an interest that conflicts with the interests of the Fund. If additional financing with respect to such investment is necessary as a result of financial or other difficulties, it will not necessarily be in the best interests of a Fund to provide such additional financing. If a Fund were to lose its investment as a result of such difficulties, the ability of the Investment Manager to recommend actions in the best interests of a Fund will likely be impaired.

Expenses related to portfolio investments in which a Fund invests alongside co-investors will be allocated between a Fund and any such co-investors *pro rata* based on amounts invested or expected to be invested as reasonably determined by the Investment Manager; provided that expenses related to potential co-investments that are never consummated will only be borne by a co-investor to the extent such co-investor has contractually agreed to bear its share of such expenses; provided, further, that the Investment Manager will use commercially reasonable efforts to obtain a contractual agreement from each co-investor and that the Investment Manager will cause the Investment Manager and/or its affiliates to bear their pro rata share of such expenses to the extent that the Investment Manager and/or such affiliates intend to co-invest in such potential investment. Any expenses of co-

investments that are not consummated and that are not borne by co-investors will be borne by the relevant Fund.

Co-investments by investors or third parties that are made within a reasonable time after a Fund's investment are often facilitated by way of a sale or other disposition of a portion of a Fund's interest in such investment. Unless otherwise determined by the Investment Manager, the purchase price for the interest in such investment to be acquired by the co-investors participating in such sale or disposition by a Fund will be equal to original cost, and if the Investment Manager so determines, a cost of carry can be imposed thereon.

In the event the Investment Manager is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, it is possible that a Fund will consequently hold a greater concentration and have greater exposure in the related investment opportunity than was originally intended, which could make a Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto and would result in a greater concentration of risk as a result. To mitigate such risk, each investment is subject to concentration limits as described in the relevant Fund Governing Documents. Despite these concentration limits, it is possible an investment that is not syndicated to co-investors as originally anticipated could result in a significant impact to a Fund's overall investment returns.

In addition, the Investment Manager receives and generates various kinds of property data and other information, including information related to financial, industry, market, trends, budgets, tenants, competitors and other metrics. This information allows the Investment Manager to better anticipate macroeconomic and other trends and otherwise develop investment strategies. As a result, the Investment Manager often gains industry, sector and other general expertise and knowledge in connection with a property that will benefit others, as well as the Investment Manager and its affiliates, whether or not such other properties are in the same or a different Fund. This can result in a transfer of value from one Fund to another. The Investment Manager has in the past used, and is likely in the future, to use this information in a manner that would provide a material benefit to, or present a conflict of interest between, the Investment Manager, its affiliates, or to certain other Funds without compensating or otherwise benefitting the property, Fund or Funds from which such information was obtained. In addition, the Investment Manager has an incentive to pursue investments in properties based on the data and information expected to be received or generated.

***Market Concentration; Centralization of Affiliate Services; Branding and Marketing.*** Cortland, on behalf of its sponsored Funds, Other Accounts or for its own account, has invested in and anticipates it will continue to invest in multifamily assets with investment activity focused in target markets that Cortland determines exhibit key characteristics for multifamily investment and operations. Thus, all Cortland investment vehicles, whether a Fund or otherwise, generally acquire assets in substantially the same market areas in pursuit of asset-level operating efficiencies, increased occupancy, and increased investment returns created by Cortland's operating platform through economies of scale resulting from market concentration. Accordingly, Cortland affiliates generally

provide asset-level services to all assets owned and operated by Cortland in these markets through Cortland's vertically integrated operating platform. It is possible that assets located in the same market, regardless of ownership structure, will compete for residents, services, and financing.

It is anticipated that Cortland will further leverage market concentration on behalf of its owned and operated communities by internalizing and centralizing certain elements of its asset-level operating platform on a regionalized or market basis, from time to time, including, without limitation, leasing and marketing functions, facilities management, landscaping and maintenance, personnel training, and potentially other functions, with the intent to reduce regional headcount and per-asset operating expenses while continuing to provide a consistent level of service to the assets within a region. It is possible that assets within a region will disproportionately utilize shared services relative to other assets in the region, and conflicts could exist between investment vehicles with respect to cost allocation of such shared services.

In most cases, Cortland attempts to leverage its market concentration by branding assets that it manages with the "Cortland" brand identifier, which is licensed to the community by Cortland's property management affiliate, Cortland Management, LLC. Communities that are branded pay the cost of "Cortland" identifying signage at the community. All communities that Cortland manages are marketed through Cortland's central website, [www.cortland.com](http://www.cortland.com), and share in marketing expenses associated with directing internet traffic to the central website. Assets within an advertising market share in certain marketing expenses that leverage the Cortland brand, marketing Cortland communities generally through radio, television, print, billboard and internet media, directing potential residents to the central website to select from available communities in the target market. There is no guarantee that any particular asset will benefit from Cortland branding or marketing campaigns, and it is possible that some assets will, from time to time, benefit more from Cortland-centric marketing expenses than other communities in the same advertising market.

All Cortland marketing, leasing and asset-level operations functions are operated on an "ownership neutral" or "ownership blind" basis, without regard to the ownership structure of any particular multifamily community.

***Fees for Affiliate Services.*** The Investment Manager will retain one or more affiliates (including Cortland) to perform services for the Funds for which it would otherwise hire unaffiliated third parties, including development, property management, asset management, product manufacturing and sourcing, construction management, design and construction services (including compensation and employment costs of employees of property management personnel and reimbursement of other costs and expenses in connection with providing such services), pest control, transportation, marketing and software services, administrative software and services and shared service costs (but excluding any reimbursement for general overhead costs), among potentially other services (collectively, the "Affiliate Services"), at rates set forth in the Governing Documents, or as approved by the applicable advisory board. The fee rates (or methodologies for determining rates) and other terms for such

Affiliate Services are generally established in each Fund's Governing Documents; provided that if the Governing Documents do not otherwise require the provision of an Affiliate Service at either (a) a fixed fee rate set forth in the Governing Documents or (b) the applicable affiliate's actual cost, such Affiliate Service will be provided to a Fund by such affiliate at a rate no less favorable to such Fund than those available from unaffiliated third parties with comparable experience for a comparable level of quality and service as determined by the Investment Manager ("Market Rates"). Unless otherwise provided in applicable Governing Documents, the applicable advisory board must approve changes to the fixed fee rates and any other material changes to the Affiliate Service Contracts that adversely impact the Funds. All amounts payable for any such services will be expenses of the Funds and will be disclosed to investors as required by the applicable Governing Documents. Fees do not include reimbursements for actual costs, which are in addition to any such fees.

***Insurance Group Procurement Programs.*** Cortland and its affiliates have instituted a health insurance program under which Cortland and its affiliates procure, manage and/or self-insure a health insurance program on behalf of its employees, and certain of the costs of coverage and risk are passed back at the property level, thereby accruing to the Funds as an expense and eventually being borne by investors. For instance, under the property management agreements applicable to properties that owned by the Funds, charges for health insurance benefits for property management personnel employed by the Cortland-affiliated property manager are expected to be charged back to the Funds or their applicable subsidiary, as property owner. If premiums in any given year are insufficient to cover claims under the program, Cortland, not the related property or Fund, is responsible for funding the shortfall. Accordingly, under certain scenarios, Cortland and its affiliates will share in the commission received by its third-party insurance broker or structure its insurance program to be loss-sensitive with an opportunity to receive a return of premium at the end of a term. In such scenarios, Cortland or its affiliate will retain, for their own account, these commission sharing and return premium amounts as earned revenue. As a result, while the costs of coverage for certain employees are expected to be borne by the Funds, Cortland and its affiliates will from time to time receive a financial benefit related to such insurance, and that financial benefit is not shared with its Funds.

Cortland and its affiliates also sponsor a master insurance program ("MIP") that facilitates the consolidation of property and general liability insurance risk among multiple properties intended to increase coverage limits and control insurance costs. All coverage in the MIP is placed by a third-party broker and/or wholesaler.

In certain situations, Cortland or its affiliates may self-insure or agree with insurers to provide indemnification or a portion of the coverage within an MIP insurance tower that provides coverage to the properties or employees providing services to the properties. Insurance premiums for such coverage are paid for in whole or in part at the property level, thereby accruing to the Funds as an expense eventually borne by investors. As an insurer or indemnitor, Cortland or its affiliate will be entitled to receive a portion of the insurance premiums paid by the properties, and will retain such portion as income and will not reimburse the relevant properties or the Funds for same.

It is possible that riskier properties that participate in the MIP could be disproportionately benefited by the program relative to properties that pose less of a risk; premium rates for coverage for properties posing less risk may be increased as a function of participating in a pool with properties that pose more risk relative to the premium rates such a property would incur if it were insured separately.

The Investment Manager believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to properties and employees (which is expected to be to the benefit of the applicable Funds) that will result if the negotiated discount rates for goods and services are discounted relative to those widely available in the market.

***Business Relationships of Cortland.*** Cortland, its management team and its affiliates have long-term relationships with a significant number of property managers, facilities managers, developers, tenants and their advisors. In determining whether a Fund should invest in a particular transaction and which service providers to use, if any, the Investment Manager will consider these relationships in its management of a Fund. There are certain transactions that will not be undertaken on behalf of a Fund in view of such relationships.

***Advisory Board.*** Each Fund has an advisory board, consisting of representatives of investors who are not affiliated with the Investment Manager. A conflict of interest can exist when some, but not all, investors are permitted to designate a member to the advisory board. Except where the Governing Documents specifically requires that a matter be brought to the advisory board, the Investment Manager will have sole discretion to decide whether to present any potential conflict to the advisory board. In the event that the Investment Manager consults with or seeks the approval of the advisory board as to certain matters, it could be disadvantageous to the investors, including those investors who do not designate a member to the advisory board. The advisory board is permitted to form one or more subcommittees, any of which can be delegated the authority to approve any matter otherwise allocated to the full advisory board (including, but not limited to, a conflicts committee) as a majority of its members (excluding observers) consider appropriate. The Governing Documents will provide that to the fullest extent permitted by law, none of the members of an advisory board, nor investors in any parallel fund on behalf of whom such members act as representatives, if applicable, shall be liable to any other investor or Fund for any reason (other than fraud on the part of such member) or owe any duties (fiduciary or otherwise) to any other investor in respect of the activities of the advisory board. Furthermore, members of the advisory board have various business and other relationships with the Investment Manager and its partners, employees and affiliates (and are investors in, and/or serve on similar committees of other Funds). The presence of these other relationships can influence their decisions as members of such committee. If the advisory board gives approval or provides consent or the Investment Manager acts pursuant to standards or procedures approved by the advisory board with respect to any conflict of interest or other matter, then none of the Investment Manager or any of its affiliates will have any liability to such Fund or any investor for actions in respect of such

matter (including actions taken in pursuit of their own interests). On any issue involving actual conflicts of interest, the Investment Manager will be guided by its good faith discretion.

In addition, members of one Fund's advisory board are also a member of another Fund's advisory board. In such instances, a conflict of interest could be deemed to exist if an advisory board is requested to provide consent with respect to transactions which involve a conflict of interest between two or more Funds on which such advisory board members serve, and such members would be unlikely to recuse themselves from any such vote.

***Separate Agreements with Investors.*** The Investment Manager, the Funds, the General Partners or their affiliates have, in their sole discretion and subject to applicable law, entered into agreements that alter or supplement an investor's economic, legal or other rights or obligations with respect to such investor's investment in the Funds (commonly referred to as "side letters"). No investor will be entitled (unless the relevant General Partner agrees in its sole and absolute discretion) to any rights or obligations agreed to by the General Partner with another investor in such other investor's side letter.

***Industry Relationships.*** As with many other private fund sponsors, as part of the Investment Manager's business, the principals, the Investment Manager and its employees have developed relationships with third parties which have the potential to raise conflicts of interest. Such third parties include joint venture partners, placement agents, real estate brokers, investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), investors, co-investors, current and former directors, officers and employees of current and former investment properties, former employees and members of the Investment Manager and third-party vendors as well as family members or close contacts of such persons. Certain of these third parties will, on occasion: (i) introduce investment opportunities to the Investment Manager; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio investments; (iii) facilitate the disposition of portfolio investments; or (iv) provide services to the Investment Manager, the Funds, or portfolio investments. Such third parties also on occasion provide goods or services to or have business, personal, political, familial, financial or other relationships with the principals, including vendors that provide services to the Funds who also participate as sponsors in the Cortland annual corporate conference. In other instances, such third parties provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through the Investment Manager's or Cortland's entities) to Firm personnel and their estate planning vehicles. In addition, such third parties are sometimes investors in one or more Funds; co-invest in one or more portfolio investments; or provide other significant business or investment services to the Investment Manager, Cortland, employees, the Funds and/or their portfolio investments. These relationships have the potential to influence the Investment Manager in deciding whether to select or recommend any such third party to perform services for the Funds or a portfolio investment. The cost of any services provided by such third parties can be borne directly or indirectly by the Funds or its portfolio investments, as applicable.

***Expense Allocations.*** Subject to any relevant restrictions or other limitations contained in the Governing Documents of each Fund, the Investment Manager will allocate fees and expenses in a manner that it believes in good faith is fair and equitable under the circumstances and considering such factors as it, in its sole discretion, deems relevant. In exercising such discretion, the Investment Manager can be faced with a variety of potential conflicts of interest. As a general matter, expenses incurred on behalf of multiple Funds will be allocated among such Funds. The allocations of such expenses are not always proportional. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate to a specific Fund, the Investment Manager generally allocates common expenses among multiple Funds on a *pro rata* basis, based on gross assets under management as of the beginning of each month in which the expenses are paid, or, if allocated on a portfolio investment basis, on a per unit basis for each portfolio investment receiving an allocation of the applicable fee or expense, unless another method is more equitable.

There are occasions when one Fund (the “Payor Fund”) pays an expense common to multiple Funds (the “Allocated Funds”). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. There are also occasions where the Investment Manager or a Payor Fund pays an expense on behalf of a property. On such occasions, the property will reimburse the Investment Manager or Payor Fund for the expense, without interest.

Some expenses are incurred on behalf of one Fund which have the potential to benefit other Funds. For example, information the Investment Manager obtains in connection with a Fund’s research, due diligence and investment activities will be valuable to other Funds. Additionally, tools and resources developed at Cortland’s or the Investment Manager’s expense will be the intellectual property of Cortland or the Investment Manager, as applicable, and not a Fund.

A conflict of interest could arise in the Investment Manager’s determination of whether certain costs or expenses that are incurred in connection with the operation of the Funds meet the definition of Fund operational expenses for which the Funds are responsible, whether such expenses should be borne by the Investment Manager or the manner in which the Investment Manager allocates expenses. The Funds will be reliant on the determinations of the Investment Manager in this regard. Because the allocation process can be subjective, from time to time, it is possible that subsequent review of allocations could result in an identification of expenses that should have been allocated in a different manner, in which case measures will be undertaken to correct such circumstance, which might include a reversal of the original expense allocation, if possible, or such other equitable adjustment believed by the Investment Manager to be the most appropriate corrective measure to ensure allocations are equitable on an overall basis in the Investment Manager’s good faith judgment.

***Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements.*** The Governing Documents of each Fund and related documents are detailed

agreements that establish complex arrangements among the Investment Manager, the investors, the Fund, the General Partner and other entities and individuals. Questions can arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While the Investment Manager will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations the Investment Manager adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Funds or their investors.

***Conflicts Related to the Withholding of Certain Information.*** The Governing Documents of the Funds generally permit the Investment Manager to withhold information from designated investors in such Fund under specified circumstances. For instance, information will at times be withheld from investors that are subject to Freedom of Information Act or similar requirements. The Investment Manager can also from time to time elect to withhold certain information from investors for reasons relating to the Investment Manager's public reputation or overall business strategy, despite the potential benefits to such investors of receiving such information.

***Cross Fund and Principal Transactions.*** In some circumstances, the Investment Manager expects to effect a cross transaction between Funds or participate on behalf of an Other Account in transactions with a Fund. Such cross fund and principal transactions create conflicts of interest because by not exposing such buy and sell transactions to market forces, it is possible that a Fund will not receive the best price possible or that the Investment Manager (or Cortland) will have an incentive to improve the performance of one Fund or Other Account by selling underperforming assets to another Fund or Other Account in order, for example, to earn fees. In effecting a cross transaction, the Investment Manager will seek to ensure that the purchase or sale is effected at a price that is comparable to what price could be obtained through an arm's-length transaction with a third party and that is otherwise fair to both parties, which in some cases can include receiving an independent valuation, receiving a legal opinion or engaging a placement agent, each as appropriate. The Investment Manager will maintain documentation to memorialize the basis for determining fairness in pricing. The Investment Manager generally will disclose specific conflicts and seek approval of these transactions from applicable advisory boards.

***Broken Deal Expenses.*** Subject to the terms and conditions set forth in the Governing Documents, the Funds are permitted to coinvest in the same investment opportunity together with one or more co-investors. In such circumstances, the size of the investment opportunity otherwise available to the Funds will potentially be less than it would otherwise have been. Certain persons or entities coinvesting with the Funds can invest on different (and more favorable) terms than those applicable to the Funds and can have interests or requirements that conflict with and adversely impact the Funds (for example, with respect to their liquidity requirements, available capital, the timing of acquisitions and disposals, control rights or discretion with respect to whether to make the investment in the first

instance). The Investment Manager will generally seek to ensure that the Funds, any applicable co-investors and the Investment Manager participate in any co-investment and any related transactions on comparable terms to the extent practicable. Investors should note, however, that this will potentially not be practicable or appropriate in all circumstances and that the Funds can participate in such investments on different and potentially less favorable terms than such parties if the Investment Manager or any of its affiliates deems such participation as being otherwise in the Funds' best interests. This can have an adverse impact on the Funds. For example, while the Investment Manager will make all investment decisions on behalf of the Funds, some of the applicable co-investors (or the underlying investors) can control the decision to invest in any particular investment (i.e., the decision to invest will not likely be made by an affiliate of Cortland). Therefore, if a co-investor elects not to participate in a co-investment opportunity, then the Funds will potentially end up bearing all or a disproportionate share of the broken deal expenses, or acquiring more of a particular investment than the Investment Manager had initially allocated to the Funds, thereby resulting in the Funds having more exposure to the investment and its performance, bearing more investment-level expenses, and ultimately owning a less diversified portfolio of investments.

***Other Benefits.*** In connection with its services to the Funds and their investments and other Cortland investments, the Investment Manager expects to receive the benefit of certain tangible and intangible benefits. For example, in the course of the Investment Manager's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Cortland and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio investment (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "the Cortland Information"). In many cases, the Cortland Information will include tools, procedures and resources developed by Cortland to organize or systematize the Cortland Information for ongoing or future use. Although the Investment Manager expects its Funds and their portfolio investments generally to benefit from the Investment Manager's possession of the Cortland Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio investments (or by the Investment Manager and Cortland personnel) and not by the Fund or portfolio investment from which the Cortland Information was originally received. The Cortland Information will be the sole intellectual property of the Investment Manager and solely for the use of the Investment Manager.

Additionally, the Investment Manager and its employees receive certain intangible and/or other benefits or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses often result in "miles" or "points" or credit in loyalty/status programs to the Investment Manager and/or its employees, and such rewards or amounts will exclusively benefit the Investment Manager and/or such employees.

***Employee Investors.*** It is expected that certain of Cortland's employees and personnel will invest in a Fund directly or as part of a General Partner's commitment to a Fund. Subject to applicable law, the terms of an investment by an employee differ from, and are more favorable than, those of an

investment by an external Fund investor. For example, employee investors generally will not be subject to a management fee and/or carried interest with respect to their investment and receive information regarding investments at different times than other investors.

## **Item 9 – Disciplinary Information**

Like other registered investment advisers, the Investment Manager is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation of the Investment Manager or the integrity of the Investment Manager's management. The Investment Manager and its management persons have not been subject to any material legal or disciplinary events applicable to this Item.

On occasion, in the ordinary course of its business, Cortland, the Funds, or the Funds' investment properties (or their respective owners) can be named as defendants in a legal action. Although there can be no assurance of the outcome of such legal actions, the Investment Manager does not believe that any current legal proceedings or claims to which Cortland, the Funds, or the Funds' investment properties (or their respective owners) are a party, if any, would individually or in the aggregate materially affect an investor's or prospective investor's evaluation of the Investment Manager or the integrity of the Investment Manager's management.

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

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

The Investment Manager does not have arrangements with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships that are material to its advisory business or to its clients. The Investment Manager has and will continue to develop relationships with professionals who provide services it does not provide, including legal, fund administration, accounting, banking, tax preparation, insurance brokerage, mortgage brokerage, real estate brokerage, appraisal, information technology, compliance and other services. Some of these professionals provide services to Cortland employees, the Funds or the Fund portfolio investments and/or are investors in the Funds and/or other Cortland investments, either personally or through their company.

As mentioned in Item 4 and throughout this Brochure, Cortland is a vertically integrated real estate firm and is affiliated with the following Cortland entities:

- Cortland Holdings, LLC: the parent company of the Cortland entities, which is involved with operations, management, construction and development.
- Cortland Management, LLC: a wholly owned subsidiary of Cortland Holdings, LLC, which provides property management services to the Cortland properties and other third-party properties.
- Cortland Asset Management, LLC: a wholly owned subsidiary of Cortland Holdings, LLC, which employs corporate personnel and provides development and asset management services to the Cortland properties.
- Arvada Insurance Company, Inc.: a wholly owned subsidiary of Cortland Holdings, LLC, which provides residents of Cortland-managed properties with renters insurance.
- Cortland Improvements, LLC: a wholly owned subsidiary of Cortland Holdings, LLC, which provides interior design, renovation and new construction services to the Cortland properties through various affiliates, as listed below.
- Cortland Services, LLC: an affiliate of Cortland Improvements, LLC, which provides subcontractor services for the Cortland properties.
- Multifamily Operational Support Services, LLC: a wholly-owned subsidiary of Cortland Holdings, LLC incurs all costs and expenses incurred in providing the Operational Support Services and invoices the Property Manager for such costs, which cost, in whole or in part, is allocated to portfolio investments.
- Cortland Improvements NC, LLC: an affiliate of Cortland Improvements, LLC, which provides general contracting services to some Cortland properties and other third-party properties.
- Cortland Design, LLC: an affiliate of Cortland Improvements, LLC, which provides design and architectural services for interior and exterior renovations at the Cortland properties and provides design consultancy, coordination and similar services for third-parties.
- Cortland Technology, LLC: subsidiary of Cortland Holdings, LLC, which makes direct and indirect investments in real estate-related technology companies and other resources, including investments in private venture capital funds which make investments real estate technology

companies and which portfolio companies from time to time provide asset-level services and technology solutions to Cortland properties).

- Bazooka Holdings, Inc.: Cortland owns an indirect, minority, non-controlling interest in Bazooka Holdings, Inc., which acquired all the assets of CASK Industries, LLC, formerly a wholly-owned affiliate of Cortland. Bazooka Holdings, Inc. sources, procures and manufactures fixtures, products and materials used in the renovation, construction and maintenance of multifamily assets and provides maintenance, repair and operations services for both the Cortland properties and other third-party properties.

Additionally, as described above in Item 4, the Investment Manager is affiliated with the Funds' General Partners which either serve as general partners or managers of private funds and pooled investment vehicles. These affiliated entities operate as a single advisory business together with the Investment Manager and serve as the General Partner, affiliate or managing members of investment funds and other pooled vehicles and share common owners, officers, partners, employees, consultants or persons occupying similar positions. These affiliated entities do not have employees of their own.

From time to time, the Investment Manager receives training, information, promotional material, meals, gifts, entertainment or other perquisites from vendors and others with whom it does business or to whom it makes referrals. At no time will the Investment Manager accept any benefits, gifts, entertainment or other arrangements that are conditioned on directing individual Fund transactions to a specific investment, product or provider. Similarly, Investment Manager and/or Cortland employees have in the past, and expect in the future, to speak at or attend conferences and programs for potential investors interested in investing in alternative investment funds and other industry events that are sponsored by various investment bankers, broker-dealers, mortgage brokers or others. Through such capital introduction and other industry events, prospective investors have the opportunity to meet with the Investment Manager and with Cortland. Neither the Investment Manager, Cortland nor any Fund compensates investment bankers, broker-dealers, mortgage brokers or others for organizing such events or for investments ultimately made by prospective investors attending such events other than registration, sponsorship, membership or other similar fees paid to attend such events.

The Investment Manager does not recommend or select other investment advisers for the Funds.

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

### **Code of Ethics and Employee Personal Trading**

Pursuant to Rule 204A-1 of the Advisers Act, the Investment Manager has adopted a written code of ethics ("Code of Ethics") that sets forth standards of conduct expected of supervised persons and

addresses conflicts that can arise from personal trading. The Code of Ethics requires all supervised persons to place Fund interests ahead of the Investment Manager's interests, to avoid taking advantage of his or her position and to maintain full compliance with the federal securities laws. With respect to third parties that are not subject to the trading restrictions under the Investment Manager's Code of Ethics and that can otherwise obtain sensitive and nonpublic information relating to a Fund deal (e.g., co-investors, joint venture partners, affiliates, legal, financial, diligence, public relations and other similar service providers), such persons typically are subject to contractual provisions in confidentiality agreements or professional obligations that prohibit the misuse of any such information.

Supervised persons are required to certify to their compliance with the Code of Ethics upon hire and on an annual basis. Supervised persons who violate the Code of Ethics will be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Supervised persons are also required to promptly report any violations of the Code of Ethics of which they become aware.

The Investment Manager will provide a copy of its Code of Ethics to any existing or prospective investor upon request to Cortland's Chief Compliance Officer, Corey May, (404) 965-3988 or [compliance@cortland.com](mailto:compliance@cortland.com).

The personal trading policy for the Investment Manager's supervised persons is set forth in the Code of Ethics and is acknowledged as received and understood by each supervised person. The Investment Manager's personal trading policies are designed to ensure that no Fund is disadvantaged by the transactions executed by a supervised person and that supervised persons in no respect misappropriate any benefit properly belonging to a Fund.

Because Cortland's business focuses primarily on private market investments, the Investment Manager expects that instances of supervised persons having access to material nonpublic information regarding publicly-traded securities will be relatively infrequent. The Investment Manager's supervised persons and their covered family members are prohibited from trading, either personally or on behalf of others, in securities while in possession of material nonpublic information regarding securities or communicating material nonpublic information about such securities to others. The Code of Ethics establishes guidelines for personal trading requirements, insider trading and reporting of personal securities transactions, including certain pre-clearance and reporting obligations. The Investment Manager maintains a restricted list of issuers about which it has or may have material nonpublic information. Supervised persons are permitted to make securities transactions in their personal accounts, subject to certain limitations. Pre-clearance is required by supervised persons and their covered family members for certain personal securities transactions, including such restricted list securities, initial public offerings and limited offerings. In addition, supervised persons are required to file certain reports and link certain brokerage accounts to the Investment Manager's compliance software to enable monitoring of personal trading by Chief Compliance Officer and his designees.

The principals and employees of the Investment Manager carry on investment activities for their own account and for family members or others, and give advice and recommend securities which differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives are the same or similar. In addition, principals, employees and affiliates buy investments offered to but rejected by the Funds or that are outside the investment mandate of the Funds. Finally, on occasion, the Investment Manager has permitted certain Cortland individuals to invest in private funds managed by Fund investors, provided there is deemed to be no conflict of interest with Cortland employees making such investment. All such employee private investments are subject to pre-approval and/or review by the Chief Compliance Officer.

### **Participation or Interest in Client Transactions**

Certain Cortland employees, their family members and advisory board members have invested in the Funds through the relevant General Partner and/or as direct investors. The Investment Manager generally reduces all or a portion of the management fee (in the case of the Income Fund) and carried interest related to investments held by such persons. The Investment Manager does not believe this arrangement presents any material conflict of interest since the General Partners' interests are aligned with the interests of investors in such Funds.

Section 206(3) of the Advisers Act generally prohibits investment advisers from engaging in principal, cross and agency cross transactions without the appropriate disclosure and consent. The Investment Manager will only enter into a principal, cross or agency cross transaction with the appropriate disclosure and consent.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, knowingly buys from or sells a security to an advisory client. This prohibition extends to any affiliates or controlling persons of the adviser (*i.e.*, an owner, employee or affiliate of the adviser, such as a Fund General Partner). Cross trades between Funds can be deemed to be principal transactions if the adviser (and/or its affiliates, owners, or controlling persons) own, in the aggregate, 25% or more of either Fund. In the context of the Investment Manager's business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future Fund or a Fund General Partner purchasing the interest of an existing investor. Cross transactions occur when an adviser or an affiliate arranges a transaction (*i.e.*, acts as a broker) between two or more different funds or accounts that are managed by that same adviser or an affiliate. An adviser is not "acting as a broker" if the adviser receives no compensation (other than the advisory fee earned in the ordinary course of managing the asset) for effecting the transaction and therefore is not considered to be conducting a cross transaction under Section 206(3). In the context of the Investment Manager's business, a cross transaction could occur when selling a portfolio investment or other asset from one Fund to another. Agency cross transactions occur where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer, which is not applicable to the Investment Manager.

In the event the Investment Manager were to recommend a principal transaction or cross transaction, it would only be after: (i) the Investment Manager has determined the transaction to be in the best interest of participating clients; (ii) the transaction is permitted by the relevant Governing Documents; (iii) proper disclosure is given to the General Partner, advisory board or investors or, as appropriate; (iv) consent is obtained from the appropriate parties; and (v) the Investment Manager uses all reasonable efforts to ensure that best execution is achieved for the transaction.

## **Item 12 – Brokerage Practices**

Generally, the Investment Manager focuses on securities transactions of private companies and purchases and sells companies through privately negotiated transactions. In such privately negotiated transactions, best execution is met by the consummation of the deal with the best possible terms for the Fund. While the Investment Manager has sole discretion over the purchase and sale of investments (including the size of such transactions), it does not typically engage the services of a broker-dealer for transacting its investments. The Investment Manager is permitted, on behalf of its Funds or other affiliates, to retain the services of real estate or mortgage brokers for the purchase, sale or financing of portfolio investments. Typically, such brokers will be licensed under various state laws applicable to real estate and/or mortgage brokers.

In pursuit of best execution in both privately negotiated or, less likely, publicly traded transactions, the Investment Manager is permitted to engage the services of a broker-dealer or investment banker for either the purchase or sale of an investment. Selection of a broker-dealer or investment banker will be based on the Investment Manager's best judgment of who can provide best execution, taking into consideration a variety of factors, including: the Investment Manager's prior experience with the broker-dealer or investment banker; the broker-dealer or investment banker's execution capability, financial responsibility, reputation and expertise within the industry; the broker-dealer or investment banker's responsiveness to the Investment Manager; the broker-dealer or investment banker's expertise in dealing with investments that are restrictive or illiquid in nature; the value of any research services provided; and commission rates, among other factors the Investment Manager deems relevant to the specific transaction.

The Investment Manager does not receive research or other soft dollar benefits in connection with securities transactions for the Funds and does not receive client referrals in connection with selecting or recommending broker-dealers for the Funds. In the event the Investment Manager were to aggregate the purchase or sale of securities for Fund accounts, it would generally do so in accordance with each Fund's Governing Documents or on a *pro rata* basis.

## **Item 13 – Review of Accounts**

### **Investment Oversight and Review**

All investments are regularly reviewed by the investment team. Each regional asset management team is headed by a Director of Investments and is vertically integrated, consisting of operations, property management and facilities team members. Asset managers and their teams are organized by geography, which enables them to provide insight and knowledge regarding each market. In connection with each acquisition, a transition and asset-specific business plan involving on-boarding the property or portfolio is developed through a collaborative effort between the acquisitions and asset management teams.

The asset management team is responsible for every facet of the investment strategy for a given property. The asset management team oversees the leasing activity, physical improvements, repositioning strategies and property management to ensure that value is maximized to meet the opportunities in the market. In addition, the asset management team continuously monitors each investment through monthly reporting, routine communication, periodic site visits, annual budgets, review of capital expenditures, risk management oversight and review of leasing parameters to ensure the asset remains on plan and on budget. On an ongoing basis, the asset management team meets with property management and leasing representatives to conduct property and market research in order to develop the annual budget and operating plan in accordance with the Investment Manager's debt strategy.

### **Investor Reporting**

The Investment Manager provides to investors on behalf of its Funds the following written reports: (i) audited financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") as promulgated by the Financial Accounting Standards Board ("FASB"), accompanied by the report of the independent certified public accountant, within 120 days of fiscal year end (or earlier as agreed to in the Governing Documents); (ii) unaudited financial statements for the first three quarters of each fiscal year; (iii) annual tax information necessary for the completion of tax returns (K-1); (iv) a statement of the determination of the value of each investment as of the end of the preceding calendar year; and (v) such other reporting as required by a Fund's Governing Documents. The Investment Manager also has contact with investors (personal visits, video conference, telephone and email) throughout the year as requested and/or as conditions warrant.

In the course of conducting due diligence or otherwise, investors periodically request information pertaining to the Investment Manager's or Cortland's investments. The Investment Manager responds to these requests, and in answering such requests, provides information that is not generally made available to other investors who have not requested such information. Additionally, as it pertains to existing investors, upon request or pursuant to contractual obligations (such as agreed to in a side letter), certain investors receive additional information and reporting that other investors do not

receive. The fact that the Investment Manager provides such information upon request to one or more investors does not obligate the Investment Manager to affirmatively provide such information to all investors. As a result, certain investors will have more information about a Fund than other investors, and the Investment Manager has no duty, and does not intend, to ensure all investors seek, obtain or possess the same information regarding a Fund and its investments.

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

### **Economic Benefit from Non-Clients for Advisory Services Rendered**

As described in Item 5 above, the Investment Manager or an affiliate receives fees for Affiliate Services and other fees, expenses and reimbursements from Cortland affiliates. Such fees, expenses, reimbursements and any conflicts of interest associated with the receipt of such fees are detailed in each Fund's Governing Documents and are described in this Brochure, in each case as presented to investors prior to investment in a Fund.

### **Client Referrals**

When raising capital for a new Fund, the Investment Manager has engaged the services of placement agents in connection with the sale of Fund units. Placement agent fees are payable directly by the Investment Manager or if paid by the Funds, are offset dollar-for-dollar against the management fee. Related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, are typically borne by the relevant Fund as part of its organizational expenses. For one non-U.S. placement agent, the Investment Manager has agreed to share a percentage of the management fee and carried interest related to the investors sourced by such placement agent. All U.S. placement agents engaged by the Investment Manager are registered broker-dealers.

## **Item 15 – Custody**

The Investment Manager is deemed to have custody of the Funds' assets because the General Partners are not operationally independent from the Investment Manager: each Fund's General Partner generally has full discretion and control over Fund investments and cash, including the ability to deduct fees from Fund accounts. In order to comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), the Investment Manager has elected to undergo an annual GAAP financial statement audit by an auditing firm registered with and subject to inspection by the Public Company Accounting Oversight Board for each of the Funds over which it is deemed to have custody, copies of which are (or will be, for newly closed Funds) delivered to the Funds and their respective investors within 120 days of fiscal year end (or earlier as agreed to in the Governing Documents). In addition, upon the final liquidation of a Fund, the Investment Manager will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all underlying

investors promptly upon completion of the audit. Investors in the Funds should carefully review such financial statements.

The Investment Manager does not accept physical custody of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly deposited or wired into the relevant Fund's qualified custodial account. The Investment Manager receives monthly statements from each of its qualified custodians on behalf of the Funds. For more information about the Funds' qualified custodians, please see Form ADV Part 1, Schedule D, Section 7.B.(1).

### **Item 16 – Investment Discretion**

The Investment Manager generally receives and exercises complete discretionary authority to manage investments on behalf of the Funds as per the Governing Documents of each Fund. To become an investor in a Fund, an investor must execute certain Governing Documents, including but not limited to a subscription agreement and a limited partnership agreement with such Fund. Such documents generally contain a power of attorney that grants the Investment Manager or a Fund General Partner certain powers related to the orderly administration of the affairs of the Funds. Once an investor executes these documents, with limited exceptions, such as certain exceptions discussed elsewhere in this Brochure, the Investment Manager is not required to contact such investor prior to transacting business in a Fund.

Generally, the Investment Manager's only restrictions with respect to managing a Fund, such as, but not limited to, the type of securities in which a Fund invests, geographical limitations or considerations or otherwise, will be contained in the relevant Fund's Governing Documents. However, an investor can seek to impose limitations on the Investment Manager's authority through a side letter agreement and the Investment Manager can choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon the Investment Manager's authority with respect to an investor's investment must be presented to the Investment Manager and/or the relevant Fund's General Partner in writing and agreed to by all applicable parties. Other investors meeting certain commitment thresholds are often provided with notification provisions regarding such side letter agreements but are not provided with consent rights over such agreements. Further, on occasion, a joint venture partner will impose restrictions on the terms of their investment, which has the effect of imposing restrictions on the Fund investing alongside the joint venture partner in an investment.

### **Item 17 – Voting Client Securities**

Rule 206(4)-6 of the Advisers Act requires an investment adviser who exercises voting authority with respect to client securities to adopt and implement written policies and procedures reasonably designed to ensure that the adviser votes proxies in the best interest of its clients. Rule 206(4)-6

further requires an adviser to provide a concise summary of its proxy voting process and offer to provide copies of the complete proxy voting policy and procedures to clients upon request. Lastly, Rule 206(4)-6 requires that each adviser disclose to clients how they can obtain information on how the adviser voted their proxies.

The Funds invest in equity and debt instruments in real estate related assets which do not issue proxies. Accordingly, the Investment Manager does not have an opportunity to vote proxies on behalf of its Funds and does not currently exercise voting authority on behalf of its Funds. In the event this were to change, the Investment Manager will implement policies and procedures to vote such proxies in accordance with its fiduciary duty and in the best interests of the Funds.

#### **Item 18 – Financial Information**

The Investment Manager does not require or solicit prepayment of more than \$1,200 of management fees six months or more in advance; has no financial condition reasonably likely to impair its ability to meet contractual commitments to clients or investors; and has not been the subject of a bankruptcy proceeding.