

Part 2A of Form ADV: Firm Brochure

SDS Real Estate Advisors
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3/24/2023

This brochure provides information about the qualifications and business practices of SDS Real Estate Advisors (“SDSREA” or “Adviser”). If you have any questions about the contents of this brochure, please contact us at ken@sdsrea.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about SDS Real Estate Advisors also is available on the SEC’s website at www.adviserinfo.sec.gov

Item 2: Material Changes

On July 28, 2010, the United States Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated 3/24/2023 is the document prepared according to the SEC’s requirements and rules.

Pursuant to SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of the business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

SDS Real Estate Advisors is utilizing this section to discuss material changes that have occurred at the firm since its last annual brochure update on 3/7/2022. SDS Real Estate Advisors has recently filed an umbrella registration, which also consists of American South Fund Management, LLC, and ASFM GP II, LLC which are herein collectively referred to as the “Relying Advisers”. In addition, SDS Real Estate Advisors has updated its financial industry affiliations based on this new umbrella filing.

In the future, this item will discuss only specific material changes that are made to the brochure since our last brochure and provide clients with a summary of these changes. We will also reference the date of our last annual update of this brochure. We will further provide you with a new brochure as necessary based on changes or new information, at any time, without charge.

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Item 4: Advisory Business

SDS Real Estate Advisors was formed on April 13, 2020 and is 100% owned by SDS Capital Group LLC ("SDSCG"). Deborah La Franchi serves as the President and CEO of SDSCG and is the CEO and owner of SDSCG.

SDS Real Estate Advisors provides investment advice on real estate securities for private pooled investment vehicles (each a "Client" or a "Fund" and, collectively, the "Clients" or the "Funds") targeting qualified investors. This advice focuses on an analysis of the type and appropriateness of the real estate securities proposed for the pooled investment strategy. SDSREA is affiliated with entities that serve as general partners to each of the Funds (each, a "General Partner" and, collectively, the "General Partners").

SDS Real Estate Advisors has filed an umbrella registration, which also consists of American South Fund Management, LLC, and ASFM GP II, LLC which are herein collectively referred to as the "Relying Advisers". The Relying Advisers are also organized as limited liability companies under the laws of Delaware. The Disclosure Brochure provides information regarding the qualifications, business practices, and the Advisory services provided by SDSREA and the Relying Advisers (collectively "the Adviser").

SDS Real Estate Advisors does not participate in wrap fee programs and does not engage third party solicitors to source clients.

As of 12/31/2022, the Adviser had total discretionary assets under management of \$277,509,680. Clients may request more current information at any time by contacting the Adviser.

Item 5: Fees and Compensation

SDSREA requires that each client enter into a written management agreement (each, an "Agreement"), which sets forth the rights and obligations of the Adviser and the client. Fees are based upon the specific client's investment portfolio, and on the type of investment services to be provided. Generally, each Agreement sets forth investment management fees and payment terms for assets under management by the Adviser.

Private Equity Funds

Management fees for Private Equity Funds ("PE Funds") are paid quarterly in advance pursuant to the terms of the Adviser's agreement with the PE Funds and the Offering Documents for each PE Fund. Management fees are based on the unused capital commitments and invested capital amount at the end of the previous quarter and are at an annual rate of up to 2.00%. If an investor withdraws from a PE Fund, the Adviser will refund any unearned portion of any advance payment back to the fund.

The PE Funds will bear all costs and expenses related to the management and operation of the PE Fund, including: all organizational expenses (expenses incurred in connection with the formation of the PE Fund, the investment manager and the special member and offering of the

interests), costs related to acquiring, holding and disposing of investments, third-party legal, accounting, tax and other consulting fees, fees paid to the administrator, costs associated with preparing and distributing tax documents and reports, premiums for insurance and taxes. Notwithstanding the foregoing, the PE Fund will not bear organizational expenses in excess of a negotiable percentage of the targeted capital commitments as agreed upon between the PE Funds and investors in the PE Funds.

Real Estate Funds

SDSREA's fees for pooled real estate investment funds are fixed and negotiable and depend on the requirements and size of the real estate fund. Fees are negotiable and factors considered are the size of account, the investment strategy selected, and the relationship of the account to the firm and other accounts. Fees are payable quarterly in arrears and due within 45 days of the quarter end. Fees will be prorated to the date of termination.

Clients may occasionally pay other fees or expenses associated with their account, but these fees will typically be paid by the Fund to the General Partner of each specific Fund. The General Partner will then pay SDSREA's fee from the aggregate fee received from the specific Fund for which they are the General Partner. Fees and expenses paid by each specific Fund are outlined in each of the Fund's governing documents.

For more detailed information on the fees and compensation received by the Adviser and its affiliates, please refer to the respective Fund's Offering Documents.

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

SDSREA does not receive any performance-based fees.

The Relying Advisers charge a performance-based fee for certain Funds. The amount of the performance-based fee and how it is calculated varies by Fund and is fully disclosed in the applicable Fund's Offering Documents. Investors should understand that the receipt of performance-based fees creates a conflict of interest as the Relying Advisers have the potential to receive higher compensation. Performance-based fees creates an incentive for the Relying Advisers to make investments that are riskier or more speculative than might otherwise be the case in the absence of such arrangement. Additionally, the Relying Advisers are incentivized to favor and devote more time and effort to managing investments when there is a potential for receipt of performance-based compensation.

The Adviser seeks to mitigate these conflicts through disclosures in this Disclosure Brochure; additional disclosures in the applicable Offering Documents, as well as through the Adviser's Code of Ethics and policies and procedures contained in the Compliance Manual.

Item 7: Types of Clients

SDSREA provides investment advisory services exclusively to private real estate investment funds and partnerships that are organized as unregistered limited partnerships and/or limited liability companies sponsored and launched by SDSREA's principals and their affiliates. All

fund investors are subject to applicable suitability requirements. For its fund clients, the general partners require that each investor in the funds be an accredited investor as defined in Regulation D under the U.S. Securities Act of 1933, as amended and/or may, but is not required to, require that each investor is a qualified client as defined in Rule 205-3 under the Investment Advisers Act and/or a qualified purchaser as defined in the Investment Company Act, as amended.

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

SDSREA provides investment advice on real estate securities for pooled investment vehicles. This advice focuses on an analysis of the type and appropriateness of the real estate securities proposed for the pooled investment strategy. The method of analysis includes a review of investment committee presentations, adherence to fund strategies, legal documents and other documents related to transactions. The analysis and advice provided by SDSREA must comport to the applicable governing documents, investment policies, objectives and guidelines of limited partner investors and regulatory requirements.

SDSREA does not retain investment discretion in the sourcing and liquidation of client assets, nor does SDSREA create the investment strategies for the clients it advises. The General Partners, as affiliates of SDSREA, and the limited partner investors agree to specific investment objectives and attendant risk guidelines that are referenced in applicable limited partnership agreements. Subsequent to the execution of such agreements, SDSREA is retained by the Clients to review real estate securities and to assist the General Partners in achieving articulated investment objectives.

Investing in real estate investments involves risk of loss that clients should be prepared to bear. Limited partner investors may lose a portion or all of their principal investment. There is a risk that the investment advice and expertise provided to the clients by SDSREA or its affiliates may become marginalized or even irrelevant due to risk sets that are unanticipated or are more severe than expected by the Adviser. Collectively, these risks include, but are not limited to:

- General and local economic conditions
- Lack of Liquidity in investments
- Increased volatility in the U.S. capital markets
- Supply and demand for property types in which the clients invests
- Tenant default, bankruptcy or non-renewal of leases
- Changes in tax, zoning, building, environmental and other statutory/regulatory risks
- Availability and cost of capital to finance real estate investments
- Risk of uninsured losses
- Environmental disasters
- Natural disasters
- Pandemics

The unregistered nature of the clients to which the Adviser provides investment advice compounds the illiquid nature of an investment in the funds and partnerships. This condition may

entail a client experiencing one or more of the following situations, which could significantly impair a limited partner's investment in the fund or partnership:

- There is no public market for the interests in the funds or partnerships – thus, its investors will be limited in their ability to exit the funds or partnerships.
- Although the fund clients have a finite term and investment period, there can be no guarantee that the funds will be able to invest committed capital during the investment period or fully dispose of the assets by the maturity of the term.
- There is no guarantee that the funds and partnerships will provide investment returns that are commensurate with the level of risk assumed.
- The funds are typically close-ended, which means that, once all of the capital is drawn, the funds will no longer have access to equity capital unless assets within the funds are refinanced with the attendant risks and expenses therein. This lack of liquidity may elevate execution risk as fund investment strategies are implemented.

Past performance is not a guarantee of future returns. Investing in pooled investment vehicles involve a risk of loss that each existing and prospective investor should understand and be willing to bear. Existing and prospective investors are reminded to read fully and carefully understand these risks as outlined in Fund Offering Documents and to discuss these risks with the Adviser.

Item 9: Disciplinary Disclosures

Neither SDSREA nor its management has been involved in any legal or disciplinary events.

Item 10: Other Financial Industry Activities and Affiliations

SDSREA is owned 100% by SDSCG. Ms. La Franchi serves as the President and CEO of SDSCG and is owner of SDSCG. Subsidiaries of SDSCG, which are 100% owned by the firm, include SDS Real Estate Advisors (“SDSREA”), Strategic Development Solutions (“SDS”), SDS Fund Management (“SDSFM”), SDS Advantage (“SDSA”), SDS Capital South (“SDSCS”), and SDS SHF Management (“SDSSHFM”).

The primary activities of SDS relate to the development and marketing of private equity real estate funds that invest in low-income communities and the provision of consulting services to government and non-profit organizations.

SDSREA is affiliated with SDS SHF Fund Management, LLC and SDS SHF GP, LLC, which is a wholly owned subsidiary of SDS SHF Fund Management, LLC. Each of SDS SHF GP, LLC and SDS SHF Fund Management, LLC manages the SDS Supportive Housing Fund, LP, an institutional real estate fund that invests in primarily housing real estate projects located in California. SDSREA has entered an investment management agreement to provide investment advice to the SDS Supportive Housing Fund, LP.

SDSREA is affiliated with American South Fund Management, LLC along with ASFM GP, LLC and ASFM GP II, LLC, which are both wholly owned subsidiaries of American South Fund Management, LLC. Each of American South Fund Management, LLC and ASFM GP, LLC manages the American South Real Estate Fund, LP, an institutional real estate fund that invests in a broad array of real estate projects in the southern United States. Each of American South Fund Management, LLC and ASFM GP II, LLC manages the American South Real Estate Fund II, LP, an institutional real estate fund that invests in a broad array of real estate projects in the southern United States. SDSREA has entered an investment management agreement to provide investment advice to the American South Real Estate Fund, LP and American South Real Estate Fund II, LP.

SDSREA's clients are not solicited to participate in any of these real estate related or consulting activities undertaken by SDS or its affiliates. Ms. La Franchi and Mr. Mayne shall devote as much of their time and effort to the affairs of the Adviser as may, in their judgment, be necessary to accomplish its purpose.

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

The Adviser has adopted a Code of Ethics and Standards of Professional Conduct (the "Code") to promote ethical behavior on the part of its officers and employees. The Code provides guidelines to prevent fraudulent acts or practices in the conduct of providing investment advisory services to the Adviser's clients. The Code is designed to facilitate compliance by the Adviser and its employees with applicable federal and state securities statutes and SDSREA compliance policies. SDSREA believes that high ethical standards are essential for the Advisor's continued success and to maintain the confidence of its investors. The long-term business interests of SDSREA are best served by adherence to the fiduciary principle that the interests of its clients come first. All SDSREA personnel are required to act in accordance with the implied contractual covenants of good faith and fair dealing when interacting with clients.

The Code of Ethics is distributed to each employee at the time of hire and annually thereafter. SDSREA supplements the Code with ongoing monitoring of employee activity as necessary.

The Code of Ethics includes:

- Requirements related to confidentiality;
- Limitations on, and reporting of, gifts and entertainment;
- Monitoring and reporting of political contributions;
- Monitoring and reporting of employee personal securities transactions; and
- Monitoring and reporting of outside business activities.

On an annual basis, SDSREA requires all employees to certify their compliance with the Code of Ethics and compliance policies.

SDSREA's employees along with related persons are required to follow SDSREA's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of

SDSREA and related persons may trade or invest for their own accounts in securities which are recommended to and/or purchased for the Fund's Clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of SDSREA will not interfere with: (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while at the same time, allowing employees to invest for their own accounts.

Under the Code, certain classes of securities have been designated as exempt transactions, based on a determination that these would not materially interfere with the best interest of SDSREA clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to Client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as Clients, there is a possibility that employees might benefit from market activity by a Client in a security held by an employee.

SDSREA provides investment advice on pooled real estate funds that invest in real estate partnerships. In addition, SDSREA does not recommend to or buy publicly traded securities for its Clients so the potential for conflicts in publicly traded securities is limited. SDSREA requires the monitoring of any broker, dealer or bank account for any employee that contains securities held by SDSREA Clients.

A copy of the Code shall be provided to any client or prospective client upon request by contacting the Adviser at ken@sdsrea.com or (310) 914-5333.

Item 12: Brokerage Practices

SDSREA does not select or recommend securities broker-dealers for its clients. However, the General Partner for the funds may recommend or retain certain licensed, real estate brokers at fees negotiated by the General Partner, for leasing, sales, purchases and similar activities. When executing transactions using real estate brokers the General Partner seeks the best overall execution terms available to close transactions expeditiously and in a manner most favorable to the Fund. In assessing the best overall terms available for a transaction, the full range and quality of a broker's services are considered, including execution capability, experience in real estate transactions, network of contacts and relationships, research services, commission rates, reputation and integrity, financial responsibility, and responsiveness.

The Adviser does not permit the direction of client transactions by an investor to any broker, otherwise known as directed brokerage. The Adviser does not engage in soft dollar arrangements, which are a means of paying brokerage firms for their services through securities commission revenue rather than by direct hard dollar payments.

Item 13: Review of Accounts

The investments made by the Funds are generally private, illiquid, and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of

securities. SDSREA reviews Client accounts and transactions on a periodic basis, and in conducting such reviews may compare each investment to ensure that each transaction is: (i) suitable to the respective Client's investment objective; (ii) meets that Client's quality standards; and (iii) to make sure that their investment objectives are still pertinent to the managed account arrangement.

It is not expected that the Adviser will provide any reports to its Clients. It is expected that all reports, including those outlining the performance of the Fund, will be provided by the General Partner of the specific Fund to the investors.

Item 14: Client Referrals and Other Compensation

The Adviser does not currently enter into agreements which provide for cash compensation to solicitors who secure new advisory clients for the Adviser.

Item 15: Custody

Custody occurs when the Adviser or related person directly or indirectly holds client funds or securities or has the ability to gain possession of them. Investment advisers can be deemed to have custody of client assets when their affiliates serve as general partners or managing members of limited partnerships or limited liability companies, as well as in other situations. SDSREA will be deemed to have custody of its clients' funds and securities where SDSREA's affiliates serve as general partners or managing members of SDSREA's private fund clients. With the exception of certain assets, which are defined as "privately offered securities" per the SEC Custody Rule, all clients' funds and securities, where SDSREA is deemed to have custody, are held in custody by unaffiliated banks acting in the capacity as "qualified custodians".

The fund clients, as privately offered limited partnerships or limited liability companies, are subject to an annual audit by a Public Company Accounting Oversight Board ("PCAOB") registered and examined independent accounting firm in accordance with Rule 206(4)-2(b)(4) under the Advisers Act, which establishes compliance with, or an exception from, certain of the other requirements of the SEC's custody rule. The audited financial statements of each fund are prepared in accordance with generally accepted accounting principles ("GAAP") and are expected to be, barring unforeseen circumstances, distributed to fund investors within 120 days of the fund's fiscal year end. Investors should review these audited financial statements carefully.

Item 16: Investment Discretion

SDSREA receives investment authority from the client at the outset of an advisory relationship. For real estate securities, SDSREA analyzes real estate securities for its clients, but does not have authority over the amount of real estate securities to be bought or sold. Although SDSREA

does not have direct discretion over its client's investments, the General Partners of the Clients are affiliates of, or share common ownership with, SDSREA.

Item 17: Voting Client Securities

SDSREA does not and will not accept authority to vote clients' securities.

Item 18: Financial Information

In certain circumstances, registered investment advisers are required in this Item 18 to provide financial information or disclosures about their financial condition. Neither SDSREA, nor its management, have any adverse financial situations that would reasonably impair the ability of the SDSREA to meet all obligations to its clients. Neither SDSREA, nor any of its management, have been subject to a bankruptcy or financial compromise. The Adviser is not required to deliver a balance sheet along with this Disclosure Brochure as the Adviser does not collect advanced fees of \$1,200 or more for services to be performed six months or more in the future.