Accordant ODCE Index Fund
STATEMENT OF ADDITIONAL INFORMATION

October 28, 2026

Accordant ODCE Index Fund (the "Fund") is a non-diversified, closed-end management investment company that operates as an "interval fund" and that employs an indexing investment approach that seeks to track the NCREIF Fund Index – Open End Diversified Core Equity (the "NFI-ODCE Index") on a net-of-fee basis while minimizing tracking error. This Statement of Additional Information relating to the Shares does not constitute a prospectus, but should be read in conjunction with the prospectus relating thereto. This Statement of Additional Information, which is not a prospectus, does not include all information that a prospective investor should consider before purchasing Class A shares ("Class A Shares"), Class I shares ("Class I Shares") or Class Y shares ("Class Y Shares" and together with Class A Shares and Class I Shares, the "Shares," and each share thereof, a "Share"), and investors should obtain and read the prospectus prior to purchasing such Shares. A copy of the prospectus may be obtained without charge by calling 888-778-7781, by writing to the Fund at: Attn: Accordant, P.O. Box 219723, Kansas City, MO 64121-9723 (regular mail) or Attn: Accordant, 801 Pennsylvania Ave., Suite 219723 Kansas City, MO 64105-1307 (overnight mail) or visiting the Fund's website www.accordantinvestments.com. You may also obtain a copy of the prospectus on the Securities and Exchange Commission's ("SEC") website (http://www.sec.gov). Capitalized terms used but not defined in this Statement of Additional Information have the meanings ascribed to them in the prospectus.

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INVESTMENT OBJECTIVE

The Fund's investment objective is to employ an indexing investment approach that seeks to track the NCREIF Fund Index – Open End Diversified Core Equity (the "NFI-ODCE Index") on a net-of-fee basis while minimizing tracking error. There can be no assurance that the Fund will achieve its investment objective.

INVESTMENT RESTRICTIONS

The Fund's fundamental policies may not be changed without the approval of the holders of a majority of the Fund's outstanding voting shares. As defined by the Investment Company Act of 1940, as amended (the "1940 Act"), the vote of a "majority of the outstanding voting stock of the Fund" means the vote, at an annual or special meeting of the shareholders duly called, (a) of 67% or more of the voting shares present at such meeting, if the holders of more than 50% of the Fund's outstanding voting shares are present or represented by proxy; or (b) of more than 50% of the outstanding voting shares, whichever is less.

Fundamental Restrictions

As a matter of fundamental policy:

- the Fund will not act as an underwriter of securities of other issuers (except to the extent that it may be deemed an "underwriter" of securities it purchases that must be registered under the Securities Act of 1933, as amended (the "Securities Act") before they may be offered or sold to the public);

- the Fund will not sell securities short (except with regard to managing the risks associated with publicly-traded securities it may hold in its portfolio);

- the Fund will not purchase securities on margin (except to the extent that it may purchase securities with borrowed money);

- the Fund will not invest more than 25% of its total assets in the securities of companies or entities engaged in any one industry, or group of industries, except the real estate industry. The foregoing limitation also does not apply to investments in the securities of the U.S. government, its agencies or instrumentalities. Under normal circumstances, the Fund will invest more than 25% of its total assets in real estate-related investments, including real estate investment vehicles that in turn hold real estate-related investments, or companies that otherwise operate in the real estate industry. For purposes of this restriction, the Fund's investments in the securities of underlying funds and similar vehicles that are managed by third-party managers (each, an "Underlying Fund Manager," and such funds, the "Underlying Funds") are not deemed to be investments in a single industry. In determining whether the Fund is concentrated in an industry or group of industries, Accordant Investments LLC (the "Adviser") and IDR Investment Management, LLC ("IDR" or "Sub-Adviser," and together with the Adviser, the "Advisers") will use their reasonable best efforts to take into account the Underlying Funds' focus on particular industries;

- the Fund may engage in the purchase or sale of commodities or commodity contracts, including futures contracts (only after all necessary registrations (or exemptions from registration) with the Commodity Futures Trading Commission have been obtained);

- the Fund may make loans and purchase or sell real estate and real estate mortgage loans, except as prohibited under the 1940 Act, the rules and regulations thereunder (except as permitted by an exemption therefrom), as such statute, rules or regulations may be amended or interpreted by the SEC from time to time;

- the Fund may use derivatives transactions for hedging purposes or to enhance total return, up to the maximum percentage of its assets permitted by the 1940 Act and subject to its investment objective, only after all necessary registrations (or exemptions from registration) with the Commodity Futures Trading Commission have been obtained; and

- the Fund may borrow money or issue senior securities up to the maximum amount and maximum percentage of its assets permitted by the 1940 Act.

In addition to the foregoing fundamental policies, the Fund operates as a non-diversified investment company under the 1940 Act.

With respect to these investment restrictions (except the Fund's policy on borrowing set forth above), if a percentage restriction is adhered to at the time of an investment or transaction, a later change in percentage resulting from a change in the values of investments or the value of the Fund's total assets, unless otherwise stated, will not constitute a violation of such restriction or policy. The Fund's investment policies and restrictions do not apply to the activities and transactions of Underlying Funds in which the Fund's assets are invested.

Repurchase Offer Fundamental Policy

The Fund has adopted a fundamental policy that it will conduct quarterly repurchase offers pursuant to Rule 23c-3 of the 1940 Act, as such rule may be amended from time to time, for no less than 5% of its outstanding shares at NAV on a regular schedule. The schedule requires the Fund to make repurchase offers every three months. The Repurchase Pricing Date (as defined in the Prospectus) shall occur no later than the 14th day after the Repurchase Request Deadline (as defined in the Prospectus) or the next business day, if the 14th day is not a business day. Subject to Board approval, Repurchase Request Deadlines (as defined below) occur each February, May, August and November, and Repurchase Offer Notices (as defined below) are sent to shareholders each January, April, July and October preceding each such Repurchase Request Deadline. This fundamental policy may be changed only with the approval of a majority of the Fund's outstanding voting securities.

Non-Fundamental Restrictions

The Fund's investment objective and investment strategies are not fundamental and may be changed by the Board without shareholder approval. The Fund seeks to achieve its investment objective by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in real estate investment vehicles that comprise the NFI-ODCE Index (the "Eligible Component Funds"). This policy is subject to change only upon 60 days' prior notice to shareholders.

INVESTMENT POLICIES AND TECHNIQUES

The following information supplements the discussion of the Fund's investment policies and techniques in the prospectus.

The Adviser believes that allocating a portion of your investment portfolio to Underlying Funds which invest in real estate may provide you with a steady source of income, broader portfolio diversification than the average investor, and a hedge against inflation and attractive risk-adjusted returns based on historical information for this asset class. There is no guarantee that the Fund's investments will provide these benefits.

The Fund seeks to achieve its investment objective by investing, under normal circumstances, at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in Eligible Component Funds. This policy is subject to change only upon 60 days' prior notice to shareholders. The Fund may also invest in cash equivalents, short-term investments (including money market instruments, U.S. government securities, commercial paper, certificates of deposit, repurchase agreements and other high-quality debt instruments among other instruments), or other liquid securities that will facilitate the achievement of the investment objective.

Portfolio Turnover

With respect to the Fund's investments, it is the Fund's policy not to engage in trading for short-term profits. Notwithstanding the foregoing, portfolio turnover rate is not considered a limiting factor in the execution of the Fund's investment decisions and the Fund will effect portfolio transactions without regard to any holding period if, in management's judgment, such transactions are advisable in light of various factors, including a change in circumstances of a particular company or within a particular industry or in general market, economic or financial conditions. The Fund will liquidate positions as needed to fund investments in Underlying Funds.

MANAGEMENT OF THE FUND

Board of Trustees

The business and affairs of the Fund are managed under the oversight of the Board of Trustees (the "Board," and its members, "Trustees") subject to the laws of the State of Delaware and the Fund's Declaration of Trust. Each member of the Board serves until his or her successor is duly elected and qualified.

Below is a list of the Fund's Trustees and their present positions and principal occupations during the past five years. Trustees who are not deemed to be "interested persons" of the Fund as defined in the 1940 Act are referred to as "Independent Trustees." Trustees who are deemed to be "interested persons" of the Fund are referred to as "Interested Trustees." The term "Fund Complex" includes the registered investment companies advised by the Adviser or its affiliates as of the date of this Statement of Additional Information.

Trustees of the Fund

Name, Year of Birth and Address[1]	Position(s) with the Fund	Term of Office and Length of Time Served[2]	Principal Occupation(s) During the Past Five Years	Number of Registered Investment Companies in Fund Complex Overseen by Trustee	Other Trusteeships Held by Trustee
Interested Trustees					
Greg Stark (1968)	None	Indefinite Length – Since 2023	Chief Executive Officer, Accordant Investments (2023 – Present); Managing Director, USAA Real Estate (2021 – 2023)	1	None
Independent Trustees					
David Canter (1968)	None	Indefinite Length – Since 2023	Senior Advisor, McKinsey & Company (2024 – Present); Chief Executive Officer, Finley Point Strategy LLC (2023 – Present); Strategic Advisor, CAIS Foundation (2024 – Present); President, Bluespring Wealth Partners (2022 – 2023); Executive Vice President and Head of the RIA and Family Office segments, Fidelity Institutional (2009 – 2022)	1	Parallel Advisors (2023 – Present); Clearstead Advisors (2023 – Present); Foundation for Financial Planning (2023 – Present); Invest in Others (2023 – Present); Sagard Private Credit Fund (2026 – Present).
R. Byron Carlock (1962)	None	Indefinite Length – Since 2023	Partner, PricewaterhouseCoopers LLP (2012 – 2023)	1	Demetree Global (2024 – 2026)

Name, Year of Birth and Address[1]	Position(s) with the Fund	Term of Office and Length of Time Served[2]	Principal Occupation(s) During the Past Five Years	Number of Registered Investment Companies in Fund Complex Overseen by Trustee	Other Trusteeships Held by Trustee
Geoffrey Dohrmann (1951)	Director	Indefinite Length – Since 2020, Mr. Dohrmann has served as a Director of the Company	Chairman and Chief Executive Officer, Institutional Real Estate, Inc. (1987 – Present)	1	Bailard Real Estate Investment Trust, Inc. (2015 – Present)
Dan McNamara (1966)	None	Indefinite Length – Since 2023	President of Financial Advice & Solutions Group (FASG), USAA (February 2013 – March 2021); Director of USAA Investment Services Company (ISCO) (formerly USAA Investment Management Company) (September 2009 – March 2021); Senior Vice President of USAA Financial Planning Services Insurance Agency, Inc. (FPS) (April 2011 – March 2021); Director and Vice Chairman of FPS (December 2013 – March 2021); President and Director of USAA Investment Corporation (ICORP) (March 2010 – March 2021); Chairman of Board of ICORP (December 2013 – March 2021); Director of USAA Financial Advisors, Inc. (FAI) (December 2013 – March 2021); Chairman of Board of FAI (March 2015 – March 2021)	1	Victory Portfolios III (2012 – Present)

(1) Each Trustee may be contacted by writing to the Trustee, c/o Accordant Investments LLC, 6710 E. Camelback Rd., Suite 100, Scottsdale, AZ 85251.
(2) Each Trustee serves an indefinite term, until his or her successor is elected.

Experience of Trustees

The Board has concluded, based on experience, qualifications and attributes, that each Trustee should serve as a Trustee. Following is a brief summary of the information that led to and/or supports this conclusion. References to the qualifications, attributes and skills of the Trustees are pursuant to requirements of the SEC, do not constitute holding out of the Board or any Trustee as having any special expertise or experience, and shall not impose any greater responsibility or liability on any such person or on the Board by reason thereof.

DAVID CANTER
During his career, Mr. Canter has held numerous positions at several well-respected financial institutions gaining experience in multiple facets of the industry. Mr. Canter currently is a senior advisor at McKinsey & Company, the CEO of Finley Point Strategy LLC and a strategic advisor at CAIS, a technology driven alternative investments platform. He also currently sits on the board for Parallel Advisors, a registered investment adviser, Parallel Trust Company of California and Clearstead Advisors. He is also a director/trustee for Invest in Others, a 501(c)3 non-profit organization, and the Foundation for Financial Planning. Mr. Canter is also an independent trustee of Sagard Private Credit Fund. He was the President of Bluespring Wealth Partners from 2022 to 2023. Prior to joining Bluespring, he was Executive Vice President and Head of the RIA and Family Office segments for Fidelity Institutional from 2009 to 2022. Prior to joining Fidelity, Mr. Canter was Chief Legal and Compliance Officer at Post Advisory Group from 2008 to 2009 and was Head Legal Counsel and Vice President of Schwab Institutional from 2004 to 2008 and 2000 to 2004, respectively. He previously served for 6 years on the Board of Directors of Fidelity Brokerage Services, LLC and was previously a trustee of the Foundation for Financial Planning. Mr. Canter earned a J.D. from the University of Baltimore Law and received his B.A. from the University of Wisconsin. He holds a FINRA Series 24 license and is a California State Bar member.

R. BYRON CARLOCK

Prior to his retirement in June 2023, Mr. Carlock led PricewaterhouseCoopers LLP's U.S. Real Estate Practice. With 35 years of experience serving the industry, he has extensive knowledge of the full real estate life cycle including matters ranging from strategic planning and property transaction advisory to capital formation, and business plan execution. In addition, Mr. Carlock has expertise in governance, board matters, mergers and acquisitions and corporate conflict matters and has experience advising major clients including corporate owners and users, developers, hospitality organizations, investors and REITs. Prior to joining PricewaterhouseCoopers in 2012, Mr. Carlock served as the CEO and President of CNL Lifestyle Properties, Inc. for seven years and served CNL as President of two other REITs over his 11-year tenure there. Prior to joining CNL, he served as Executive Vice President and Chief Investment Officer of Post Properties for three years and as Managing Director for Trammell Crow and Crow Holdings related entities for nine years. Mr. Carlock is a retired CPA and is currently a governor of the Urban Land Institute (ULI), an associate member of the Real Estate Roundtable, on the Executive Committee for AFIRE, chair of the Nominating Committee of AFMO – American Friends of Musee d'Orsay, and he is chairing the Capital Advisory Board for the National Cold War Museum in Blytheville, Arkansas. Mr. Carlock received his BBA at Harding University and earned his MBA at Harvard Business School.

GEOFFREY DOHRMANN

Mr. Dohrmann has been a Director of the Accordant ODCE Index Fund and its predecessor Fund, the IDR Core Property Index Fund Ltd since 2020. Mr. Dohrmann is the founder, Chairman and Chief Executive Officer, and Director of Institutional Real Estate, Inc. ("IREI"), which was established in 1987. IREI is a publishing and consulting company focused on meeting the information needs of the institutional real estate, infrastructure and private wealth advisory investment communities. Mr. Dohrmann also serves as publisher and editor-in-chief of several industry publications, including Institutional Real Estate Americas, Institutional Real Estate Europe, Institutional Real Estate Asia Pacific, FundTracker, Institutional Investing in Infrastructure, Real Assets Adviser and Institutional Real Estate Newsline, as well as numerous special reports and several email news alert services. In addition, he is a co-founder of the IREI Institute for Real Estate Operating Companies, a networking and educational organization serving the interests of institutional investors, investment managers and real estate operating companies. Mr. Dohrmann also serves as a Trustee of the Bailard Real Estate Fund, a non-listed, private real estate investment trust. He also has served as a trustee, from 2000 through 2010, of Lexington Realty Trust (NYSE: LXP), a New York–based real estate investment trust. From 2002 through 2007, he was a director and chairman of the charter board of managers for the J.P. Morgan Real Estate Income & Growth Fund, an open-end diversified real estate investment fund. He currently serves on the advisory boards for the following organizations: Builders Realty Capital, the Marcus & Millichap Companies, Amero Global Investors, and Redhill Realty Investors. Mr. Dohrmann has lectured on institutional real estate market-related matters at the business schools of the University of California, Berkeley, the University of Chicago, Stanford University, Harvard University, Northwestern University, the University of North Carolina and Yale University. Mr. Dohrmann is a Fellow of the Homer Hoyt Institute and the American Real Estate Society, a member of the Counselors of Real Estate, and a past member of the Board of Directors for the American Real Estate Society, as well as the San Francisco Architectural Heritage. Mr. Dohrmann received his undergraduate degree in Psychology from University of California, Berkeley.

DAN MCNAMARA
Mr. McNamara is an enterprise performance leader with strategic, operational, and analytical expertise encompassing 33 years' experience in business to business and direct to consumer business models. Mr. McNamara currently serves as an independent trustee of Victory Portfolios III. He was previously on the Executive Committee of USAA, a Fortune 100 company with $40 billion in net worth. In addition, he was the president of USAA Financial Advice & Solutions Group from 2013 to 2021. Prior to joining USAA in 2009, Mr. McNamara was the managing director of the Planning & Financial Products Group for Bank of America and served as the President of Banc of America Investment Advisor from 2001 to 2009. From 1994 to 2001, he served as the managing director for the Consulting Services Group, Bank of America's managed-account platform, and the chairman of the Investment Strategies Group from 2001 through 2006. Mr. McNamara earned a B.A. from Rutgers University and holds the FINRA Series 7, 24, 63, and 65 licenses.

GREG STARK
As a former managing director at Russell Investments in their retail investment management department from 1994 to 2015, Mr. Stark has significant experience in the investment management space. Mr. Stark has served in a variety of executive and managerial capacities within the asset management industry, including as the chairman of the board, president and chief executive officer of a number of companies within the Russell fund complex, and as a managing director at Kandle Investment Management from 2019 through 2020. Additionally, Mr. Stark was a Managing Director at USAA Real Estate from 2021 to 2023. Mr. Stark received an Executive MBA from the IMD Business School in 2011, and graduated from the Wharton Business School Advanced Management Program in 2010.

Trustee Beneficial Ownership of Fund Shares

The following table shows the dollar range of equity securities owned by the Trustees in the Fund and in other investment companies overseen by the Trustees within the same family of investment companies as of December 31, 2025.

Name of Trustee	Dollar Range of Equity Securities in the Fund[1]	Aggregate Dollar Range of Equity Securities Overseen by the Trustee in the Family of Registered Investment Companies[2]
Interested Trustees		
Greg Stark	$0	$166,200
Independent Trustees		
David Canter	$50,779	$273,586
R. Byron Carlock	$0	$0
Geoffrey Dohrmann	$119,353	$202,453
Dan McNamara	$0	$166,200

1. "Beneficial Ownership" is determined in accordance with Section 16a-1(a)(2) under the Securities Exchange Act of 1934, as amended (the "Exchange Act").
2. The term "Family of Registered Investment Companies" refers to all registered investment companies advised by the Adviser or an affiliate board.

Compensation of Trustees

Each Independent Trustee is compensated by an annual retainer fee of $75,000. The Fund also reimburses each of the Independent Trustees for all reasonable and authorized business expenses in accordance with the Fund's policies as in effect from time to time, including reimbursement of reasonable out-of-pocket expenses incurred in connection with attending each board meeting and each committee meeting not held concurrently with a Board meeting. The Independent Trustees do not receive any pension or retirement benefits from the Fund. The Independent Trustees received from the Fund the amounts set forth below for the Fund's fiscal year ending June 30, 2026.

Name of Trustee	Aggregate Compensation from the Fund	Total Compensation from Fund Complex Paid to Trustees
Interested Trustees[(1)]		
Greg Stark	$0	$0
Independent Trustees		
David Canter	$75,000	$75,000
R. Byron Carlock	$75,000	$75,000
Geoffrey Dohrmann	$75,000	$75,000
Dan McNamara	$75,000	$75,000

1. The Interested Trustees are not compensated by the Fund for their services.

Board Committees

In addition to serving on the Board, the Independent Trustees also serve on the following committees, which have been established by the Board to handle certain designated responsibilities. The Board has designated a chair of each committee. The Board may establish additional committees, change the membership of any committee, fill all vacancies and designate alternate members to replace any absent or disqualified member of any committee or to dissolve any committee as it deems necessary and in the Fund's best interest.

Audit Committee. The members of the Fund's Audit Committee are David Canter, R. Byron Carlock, Geoffrey Dohrmann and Dan McNamara; each of whom meets the independence standards established by the SEC for audit committees and is independent for purposes of the 1940 Act. None of the members of the Audit Committee is an "interested person" of the Fund. R. Byron Carlock serves as chair of the Audit Committee. The Board has determined that R. Byron Carlock is an "audit committee financial expert" as that term is defined under Item 407 of Regulation S-K of the Exchange Act. The Audit Committee operates pursuant to a written charter and meets periodically as necessary. The Audit Committee is responsible for selecting, engaging and discharging the Fund's independent registered public accounting firm, reviewing the plans, scope and results of the audit engagement with the Fund's independent registered public accounting firm, approving professional services provided by the Fund's independent registered public accounting firm (including compensation therefor), reviewing the independence of the Fund's independent registered public accounting firm and reviewing the adequacy of the Fund's internal controls over financial reporting. During the fiscal year ended June 30, 2026, the Audit Committee held four meetings.

Nominating and Corporate Governance Committee. The members of the Fund's Nominating and Corporate Governance Committee are David Canter, R. Byron Carlock, Geoffrey Dohrmann and Dan McNamara, each of whom meets the independence standards established by the SEC for governance committees and is independent for purposes of the 1940 Act. None of the members of the Nominating and Corporate Governance Committee is an "interested person" of the Fund. Dan McNamara serves as chair of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee operates pursuant to a written charter and meets periodically as necessary. The Nominating and Corporate Governance Committee is responsible for selecting, researching, and nominating trustees for election by shareholders, periodically reviewing the composition of the Board in light of the current needs of the Board and the Fund, and determining whether it may be appropriate to add or remove individuals after considering issues of judgment, diversity, age, skills, background and experience. The Nominating and Corporate Governance Committee will consider proposed nominations for trustees by shareholders who have sent nominations (which include the biographical information and the qualifications of the proposed nominee) to the Chief Executive Officer of the Fund, as the Nominating and Corporate Governance Committee deems appropriate. During the fiscal year ended June 30, 2026, the Nominating and Corporate Governance Committee held one meeting.

Board Leadership Structure

The Board is currently composed of five Trustees, four of whom are Independent Trustees. The Fund's business and affairs are managed under the direction of its Board. Among other things, the Board sets broad policies for the Fund and approves the appointment of the Fund's administrator and officers. The role of the Board, and of any individual Trustee, is one of oversight and not of management of the Fund's day-to-day affairs.

Under the Fund's Bylaws, the Board may designate one of the Trustees as chairman of the Board to preside over meetings of the Board and meetings of shareholders, and to perform such other duties as may be assigned to him or her by the Board. Presently, Greg Stark serves as Chair of the Board and is an Interested Trustee by virtue of his employment relationship with the Adviser. The Board believes that it is in the best interests of Fund shareholders for Greg Stark to serve as Chair of the Board because of his significant experience in matters of relevance to the Fund's business. The Board believes that flexibility to determine its Chair and to recognize its leadership structure is in the best interests of the Fund and its shareholders at this time.

All of the Independent Trustees play an active role on the Board. The Independent Trustees compose a majority of the Board and are closely involved in all material deliberations related to the Fund. The Board believes that, with these practices, each Independent Trustee has an equal involvement in the actions and oversight role of the Board and equal accountability to the Fund and its shareholders. The Independent Trustees are expected to meet separately (i) as part of each regular Board meeting and (ii) with the Fund's chief compliance officer, as part of at least one Board meeting each year.

The Board believes that its leadership structure is the optimal structure for the Fund at this time. The Board, which will review its leadership structure periodically as part of its annual self-assessment process, further believes that its structure is presently appropriate to enable it to exercise its oversight of the Fund.

Board Role in Risk Oversight

The Trustees meet periodically throughout the year to discuss and consider matters concerning the Fund and to oversee the Fund's activities, including its investment performance, compliance program and risks associated with its activities. Risk management is a broad concept comprising many disparate elements (for example, investment risk, issuer and counterparty risk, compliance risk, operational risk and business continuity risk). The Board implements its risk oversight function both as a whole and through its committees. The Board has adopted, and periodically reviews, policies and procedures designed to address risks associated with the Fund's activities. In the course of providing oversight, the Board and its committees will receive reports on the Fund's and the Adviser's activities, including reports regarding the Fund's investment portfolio and financial accounting and reporting. The Board also receives a quarterly report from the Fund's chief compliance officer, who reports on the Fund's compliance with the federal and state securities laws and its internal compliance policies and procedures as well as those of the Adviser, the Fund's administrator and the Fund's transfer agent. The Audit Committee's meetings with the Fund's independent registered public accounting firm also contribute to its oversight of certain internal control risks. In addition, the Board meets periodically with the Adviser to receive reports regarding the Fund's operations, including reports on certain investment and operational risks, and the Independent Trustees will be encouraged to communicate directly with senior members of Fund management.

Officers of the Fund

The Fund's executive officers are chosen by the Board and hold office until their respective successors are duly elected and qualified. The executive officers of the Fund currently are:

Name, Year of Birth and Address[(1)]	Position(s) with the Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years
Tin Bui (1971)	Chief Financial Officer	2026 – Present	Committee Member, Arizona State Board of Accountancy CPE Advisory Committee since October 2025; Controller of the Fund and Accordant Investments, LLC from April 2025 to September 2026; Accounting Manager, Axis for Autism from 2024 to 2025; Senior Vice President, Bank of New York Mellon from 2022 to 2024; Vice President, Voya Investment Management from 2016 to 2022.
Puja Madan (1983)	Secretary	2023 – Present	Chief Compliance Officer of the Fund (September 2023-October 2023); General Counsel and Chief Compliance Officer, Accordant Investments since 2023; Counsel, Pacific Investment Management Company from 2021 to 2023; Chief Compliance Officer, Gurtin Municipal Bond Management From 2019 to 2022; Senior Compliance Officer and Counsel, Research Affiliates, from 2019 to 2019; and Chief Compliance Officer and Associate Counsel, Titan Advisors from 2008 to 2018.
Ted Uhl (1974)	Chief Compliance Officer	2023 – Present	Chief Compliance Officer of the Fund since October 2023. Fund Chief Compliance Officer of ALPS. CCO of ALPS Interval Fund platform, ALPS Series Trust, Financial Investors Trust, Centre Funds, GraniteShares ETF Trust, Axonic Funds, and the FS MVP Private Markets Fund.
Garrett E. Zdolshek (1980)	Chief Investment Officer	2019 – Present	Chief Investment Officer and Portfolio Manager, Accordant Investments since 2023; Chief Investment Officer and Portfolio Manager at IDR Investment Management, LLC from 2022 to present; Senior Vice President and Portfolio Manager, IDR Investment Management, LLC from 2011 to 2022.

(1) Each Officer may be contacted by writing to the Officer, c/o Accordant ODCE Index Fund, P.O. Box 219723, Kansas City, MO 64121-9723 (regular mail) or 801 Pennsylvania Ave., Suite 219723, Kansas City, MO 64105-1307 (overnight mail).

Compensation of Executive Officers

The Fund's executive officers do not receive any direct compensation from the Fund. The Fund does not currently have any employees and does not expect to have any employees. Each of the Fund's executive officers is an employee of the Adviser or the Administrator or an affiliate thereof, or an outside contractor. In addition, the Fund reimburses the Administrator for the Fund's allocable portion expenses incurred by the Administrator, as applicable, in performing its obligations under the Administration Agreement, including the allocable portion of the cost of the Fund's Chief Financial Officer, Chief Compliance Officer, and Secretary and other administrative support personnel under the Administration Agreement.

The Adviser

The Fund's Adviser is Accordant Investments LLC. The Adviser is a wholly owned subsidiary of Emphasis Capital LLC and was established in 2023. The Adviser is located at 6710 E. Camelback Rd., Suite 100, Scottsdale, AZ 85251. Pursuant to the Investment Advisory Agreement, the Adviser oversees the Fund's day-to-day operations and provides the Fund with investment advisory services, including managing the Fund's investment portfolio, directing purchases and sales of interests in Underlying Funds and other assets, and reports thereon to the Fund's officers and trustees regularly.

The Investment Advisory Agreement between the Fund and the Adviser was considered and approved by the Board, including a majority of the Independent Trustees, at a meeting held on June 11, 2026. A discussion regarding the basis for the Board's approval of the Fund's Investment Advisory Agreement is available in the Fund's annual report to shareholders for the period from July 1, 2025 through June 30, 2026. The basis for subsequent continuations of the Fund's investment advisory agreement will be provided in annual or semi-annual reports to shareholders for the periods during which such continuations occur.

Pursuant to the Investment Advisory Agreement, the Fund has agreed to pay the Adviser a management fee ("Management Fee") for investment advisory and management services. For services rendered under the Investment Advisory Agreement, the Management Fee is calculated monthly and payable in arrears by the end of the following month. Management Fees for any partial month will be appropriately prorated and adjusted for any share issuances or repurchases during the relevant month. The Management Fee is calculated at a rate of 0.60% per annum of the Fund's net assets at the end of the most recently completed calendar month. The Adviser is not entitled to receive any other advisory fees (including any incentive fee) under the Investment Advisory Agreement, other than the Management Fee. The Management Fee is in addition to any asset-based fees and incentive compensation paid or allocated by Underlying Funds and any unaffiliated co-investment real estate investment opportunities sourced by Underlying Fund Managers (collectively, the "Co-Investment Opportunities," and, together with the Underlying Funds, the "Investment Interests") to the Underlying Fund Managers and indirectly paid by the Fund's investors. The Management Fee for any partial month will be prorated and adjusted for any share issuances or repurchases during the relevant month.

The Investment Advisory Agreement continues in effect for a period of two years from its effective date, and if not sooner terminated, will continue in effect for successive periods of 12 months thereafter, provided that each continuance is specifically approved at least annually by both (1) the vote of a majority of the Board or the vote of a majority of the outstanding shares entitled to vote (as such term is defined in the 1940 Act) and (2) by the vote of a majority of the Independent Trustees, cast in person at a meeting called for the purpose of voting on such approval. The agreement may be terminated at any time, without the payment of any penalty, by the Fund (upon the vote of a majority of the Board or a majority of the outstanding shares entitled to vote) or by the Adviser, upon 60 days' written notice by either party to the other which can be waived by the non-terminating party. The agreement will terminate automatically in the event of its assignment (as such term is defined in the 1940 Act and the rules thereunder).

The Investment Advisory Agreement provides that in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard of its duties and obligations thereunder, the Adviser is not liable to the Fund for any act or omission by the Adviser in connection with the performance of any of its duties or obligations thereunder or otherwise as an investment adviser of the Fund and provides for indemnification by the Fund of the Adviser, its Trustees, officers, employees, agents and control persons for damages, liabilities, costs and expenses incurred by them in connection with their services to the Fund, subject to certain limitations and conditions.

Although the professional staff of the Adviser will devote as much time to the management of the Fund as the Adviser deems appropriate to perform its duties in accordance with the Investment Advisory Agreement and in accordance with reasonable commercial standards, the professional staff of the Adviser may have conflicts in allocating its time and services among the Fund and the Adviser's other investment vehicles and accounts. The Adviser has informed the Board that the services of the Adviser are not exclusive, and the Adviser provides similar services to other clients and may engage in other activities.

The Sub-Adviser

The Fund's Sub-Adviser is IDR Investment Management, LLC ("IDR"). IDR, a registered investment adviser under the Advisers Act, serves as the sub-adviser to the Fund. IDR is an indirect majority-owned subsidiary of Emphasis Capital LLC. The Sub-Adviser is located at 3 Summit Park Drive, Suite 450, Independence, OH 44131.

Pursuant to the terms of the sub-advisory agreement, the Sub-Adviser, among other services: determines the composition of the Fund's portfolio, the nature and timing of the changes to the Fund's portfolio and the manner of implementing such changes; structures, negotiates, arranges and effects the acquisition and disposition of the investments the Fund makes and monitors investments on behalf of the Fund; determines the securities and other assets that the Fund will purchase, retain, or sell; and provides quarterly reports to the Board regarding the foregoing.

The sub-advisory agreement between the Adviser and the Sub-Adviser with respect to the Fund was considered and approved by the Board, including a majority of the Independent Trustees, at a meeting held on June 11, 2026. A discussion regarding the basis for the Board's approval of the Fund's Investment Advisory Agreement is available in the Fund's annual report to shareholders for the period from July 1, 2025 through June 30, 2026. The basis for subsequent continuations of the Fund's Investment Advisory Agreement will be provided in annual or semi-annual reports to shareholders for the periods during which such continuations occur.

Pursuant to the terms of the sub-advisory agreement, the Adviser pays the Sub-Adviser a management fee (the "Sub-Adviser Management Fee"). The Sub-Adviser Management Fee is paid by the Adviser out of the Management Fee. The Sub-Adviser Management Fee is calculated monthly and payable in arrears by the end of the following month by the Adviser.

The Administrator

The Adviser also serves as the Fund's administrator (in such capacity, the "Administrator"). The Administrator is located at 6710 E. Camelback Rd., Suite 100, Scottsdale, AZ 85251 and provides, or arranges for the provision of, administrative services necessary for the Fund to operate. Pursuant to the administration agreement, the Administrator provides, or oversees the performance of, administrative and compliance services, including, but not limited to, maintaining financial records, determining and publishing the Fund's NAV, compliance monitoring (including diligence and oversight of the Fund's other service providers), preparing, printing and disseminating reports to shareholders and reports and other materials filed with the SEC, preparing materials and coordinating meetings of the Board, managing the payment of expenses and the performance of administrative and professional services rendered by others and providing office space, equipment and office services. The Administrator may provide the Fund such administrative services directly, or engage one or more third-party sub-administrators to provide the Fund such administrative services on its behalf. The Adviser has engaged SS&C GIDS, Inc. as a third-party sub-administrator to the Fund.

Except as otherwise provided in the Investment Advisory Agreement, the Adviser is solely responsible for the compensation of its investment professionals and its allocable portion of the compensation of any personnel that provide it operational or administrative services, as well as the allocable portion of overhead expenses (including rent, office equipment and utilities) attributable thereto. The Fund bears all other fees, costs and expenses incurred in connection with its operation, administration and transactions, including but not limited to those relating to:

- the Fund's organization;
- any offering of the Fund's Shares, including any underwriting discounts or commissions and any related legal or accounting fees and expenses;
- the establishment or operation of any credit facility or other leverage that the Fund utilizes;
- interest payable on debt, if any, that the Fund incurs;
- sales and purchases of the Fund's Shares and other securities, including in connection with any tender offers or repurchase offers relating thereto;
- any material acquisition, merger, consolidation, reorganization, asset sale or other business combination involving us;
- any annual or special meeting of the shareholders;
- the Adviser's Management Fees and related expenses payable under the Investment Advisory Agreement;
- amounts payable under the Administration Agreement;
- federal and state registration fees;
- federal, state, local and foreign taxes;
- independent trustees' fees and expenses (including travel and other costs associated with the performance of independent trustees' responsibilities);
- the Fund's allocable portion of any fidelity bond, trustees and officers / errors and omissions liability insurance and any other insurance premiums;
- the acquisition or disposition of Investment Interests, including any brokerage fees or commissions and any legal, accounting or due diligence fees or expenses relating thereto;
- the investigation and monitoring of the Fund's investments, including travel-related expenses;
- calculating net asset value;
- fees payable to third parties relating to, or associated with, making investments and valuing investments (including third-party valuation firms);
- fees payable to third parties such as fund accounting, administration, transfer agent, custodian and other support services;
- recordkeeping and other shareholder service-related fees paid to financial intermediaries or platforms;
- transfer agent and custodial fees;

- the retention of any sub-administrator or third-party compliance firm;
- marketing efforts (including attendance at investment conferences and similar events);
- any exchange listing fees;
- preparing, printing and disseminating proxy materials, shareholders' reports and other notices;
- preparing and submitting government filings, including periodic and other reports;
- independent audits and the engagement of outside accountants and legal counsel;
- costs associated with protecting the Fund's interests in its investments, including legal fees;
- reporting and compliance obligations under the 1940 Act and applicable federal and state securities laws; and
- printing, mailing and all other direct expenses incurred by the Fund or either of the Sub-Adviser or the Administrator in connection with administering the Fund's business, including payments under the Administration Agreement that are based upon the Fund's allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to the Fund under the Administration Agreement, including the allocable portion of the compensation of the Fund's chief financial officer and chief compliance officer and their respective staffs.

The Administration Agreement may be terminated by either party without penalty upon 60 days' written notice to the other party.

Portfolio Manager

The portfolio manager primarily responsible for the day-to-day management of the Fund also manages other registered investment companies, other pooled investment vehicles and other accounts, as indicated below. The following table identifies, as of June 30, 2026: (i) the other registered investment companies, pooled investment vehicles and other accounts managed by an investment committee (or equivalent body) on which the portfolio manager serves and (ii) the total assets under management ("AUM") of such companies, vehicles and accounts, and (iii) the number and total AUM of such companies, vehicles and accounts with respect to which the advisory fee is based on performance.

GARRETT ZDOLSHEK

	Account(s) Managed	Assets of Accounts	Number of Accounts Subject to a Performance Fee	Assets Subject to a Performance Fee
Registered Investment Companies	0	$0	0	0
Pooled Investment Vehicles Other Than Registered Investment Companies	6	$10,900,000,000	0	0
Other Accounts	2	$730,000,000	0	0

Compensation of Portfolio Manager Employed by the Adviser

The discussion below describes the compensation of the portfolio manager employed by the Adviser as of June 30, 2026.

None of the Adviser's investment personnel, including the Fund's portfolio manager, receives any direct compensation from the Fund in connection with the management of the Fund's portfolio.

The specific form of compensation of the portfolio manager may also include a variety of components and may vary from year to year based on a number of factors. Specifically, a particular portfolio manager may also receive, all or some combination of a salary and a bonus.

Base compensation

Generally, when a portfolio manager receives base compensation it is based on their individual seniority and their position within the applicable firm.

Discretionary compensation

In addition to base compensation, a particular portfolio manager may receive discretionary compensation. Discretionary compensation may be based on individual seniority and contribution.

Securities Ownership of Portfolio Manager

The following table shows the dollar range of equity securities in the Fund beneficially owned by the Adviser's portfolio manager as of June 30, 2026.

Name	Aggregate Dollar Range of Equity Securities in the Fund[(1)]
Garrett Zdolshek	None

(1) Dollar ranges are as follows: None, $1–$10,000, $10,001–$50,000, $50,001–$100,000, $100,001– $500,000, $500,001–$1,000,000 or Over $1,000,000.

Conflicts of Interest

The Advisers will experience conflicts of interest in connection with the management of the Fund, including, but not limited to, those discussed below. Dealing with conflicts of interest is complex and difficult, and new and different types of conflicts may subsequently arise.

- The members, officers and other personnel of each Adviser allocate their time, resources and other services between the Fund and other investment and business activities in which they are involved, including other funds, investment vehicles and accounts managed by Accordant Investments LLC or IDR Investment Management, LLC, as appropriate. The Advisers each devote such time as shall be necessary to conduct the Fund's business affairs in an appropriate manner. However, the Advisers will continue to devote the time, resources and other services necessary to managing their respective other investment and business activities, and neither Adviser is not precluded from conducting activities unrelated to the Fund. Substantial time will be spent by such members, officers and personnel monitoring the investments of other funds, investment vehicles and accounts managed by one of the Advisers.
- The Advisers will, at times, compete with certain of their affiliates, including other entities each manages, for investments opportunities for the Fund, subjecting each Adviser to certain conflicts of interest in evaluating the suitability of investment opportunities and making or recommending acquisitions on the Fund's behalf. The Advisers will receive advisory and other fees from the other entities they manage, and due to fee-offset provisions contained in the management agreements for such entities, the fees, at times, will not be proportionate to such entities' investment accounts for any given transaction and the Advisers will have an incentive to favor entities from which they receive higher fees.

- The Advisers' respective allocation policies are designed to fairly and equitably distribute investment opportunities over time among funds or pools of capital managed by such Adviser and its affiliates. Each Adviser's allocation policy provides that once an investment has been approved it will be allocated to the funds or other pools of capital that have investment strategies suitable for such investment opportunity. If an investment opportunity is suitable for more than one fund or pool of capital, each suitable fund or pool of capital will receive a share of the investment based on its desired hold amount. Determinations as to desired hold amounts are based on such factors as: investment objectives and focus, target investment sizes, available capital, the timing of capital inflows and outflows and anticipated capital commitments and subscriptions, liquidity profile, applicable concentration limits and other investment restrictions, mandatory minimum investment rights and other contractual obligations applicable to participating funds and pools of capital, portfolio diversification, tax efficiencies and potential adverse tax consequences, regulatory restrictions applicable to participating funds and pools of capital, policies and restrictions (including internal policies and procedures) applicable to the participating funds and pools of capital, the avoidance of odd-lots or cases where a pro rata or other defined allocation methodology would result in a de minimis allocation to any participating funds and pools of capital, the potential dilutive effect of a new position, the overall risk profile, targeted leverage levels and targeted return of a portfolio, and the potential return available from a debt investment as compared to an equity investment. The outcome of this determination will result in the allocation of all, some or none of an investment opportunity to the Fund. In addition, subject to applicable law, affiliates of each Adviser may, from time to time, invest in one of the Fund's portfolio investments and hold a different class of securities than the Fund. To the extent that an affiliate of an Adviser holds a different class of securities than the Fund, its interests might not be aligned with the Fund's. Notwithstanding the foregoing, the Advisers will act in the best interest of the Fund in accordance with their respective fiduciary duty to the Fund.
- The Fund will be unable to participate in certain transactions originated by the Adviser or its affiliates unless the Fund receives co-investment exemptive relief from the SEC, and prior to the receipt of such relief, the Fund may only engage in such Co-Investment Opportunities in accordance with existing regulatory guidance. To the extent the Fund is able to make co-investments with the Advisers' affiliates, these co-investment transactions may give rise to conflicts of interest or perceived conflicts of interest among the Fund and the other participating accounts. The Fund could be limited in its ability to invest in certain investments in which the Adviser, Sub-Adviser or any of their affiliates are investing or are invested.
- Furthermore, the Advisers and their affiliates may have existing business relationships or access to material, non-public information that may prevent them from recommending investment opportunities that would otherwise fit within the Fund's investment objective. These activities could be viewed as creating a conflict of interest in that the time, effort, and ability of the members of the Advisers and their affiliates and their officers and employees will not be devoted exclusively to the Fund's business but will be allocated between the Fund and the management of the monies of other advisees of the Advisers and their affiliates.
- The Fund bears all other costs and expenses of its operations, administration and transactions. The Adviser, as the Administrator, provides, or oversees the performance of, administrative and compliance services for the Fund. From time to time, the Adviser will be required to decide whether costs and expenses are to be borne by the Fund, on the one hand, or the Adviser or the Administrator, on the other, and/or whether certain costs and expenses should be allocated between or among the Fund, on the one hand, and other funds, investment vehicles and accounts managed by the Adviser or its affiliates, on the other hand. The Adviser and Administrator will make all such expense allocation judgments in its fair and reasonable discretion and subject to the oversight of the Board, however, the Adviser and the Administrator will face conflicts of interest in making these determinations.

- From time to time, to the extent consistent with the 1940 Act and the rules and regulations promulgated thereunder, or with exemptive relief the Fund receives from the SEC, if any, the Fund and other clients for which an Adviser or its affiliates provides investment management services or carries on investment activities (including, among others, clients that are employee benefit plans subject to the Employee Retirement Income Security Act of 1974 ("ERISA") and related regulations) will make investments at different levels of an investment entity's capital structure or otherwise in different classes of an issuer's securities. These investments inherently give rise to conflicts of interest or perceived conflicts of interest between or among the various classes of securities held by the Fund and such other clients, including in the case of financial distress of the investment entity.
- The Advisers' professionals' time and resources may be diverted due to obligations they have to other clients. The Advisers' professionals serve or may serve as officers, trustees, or principals of entities that operate in the same or a related line of business as the Fund does, or of investment funds managed by the same personnel. In serving in these multiple capacities, they may have obligations to other clients or investors in those entities, the fulfillment of which may not be in the Fund's best interests or in the best interest of the Fund's shareholders. The Fund's investment objective may overlap with the investment objectives of such investment funds, accounts or other investment vehicles. For example, the Fund relies on the Advisers to manage its day-to-day activities and to implement the Fund's investment strategy. The Adviser and certain of its affiliates are currently, and plan in the future to continue to be, involved with activities which are unrelated to us. As a result of these activities, the Advisers, their personnel and certain of their affiliates will have conflicts of interest in allocating their time and resources between the Fund's activities and other activities in which they are or may become involved. The Advisers and their personnel will devote only as much of its or their time and resources to the Fund's business as the Fund's Advisers and their personnel, in their judgment, determine is reasonably required, which may be substantially less than their full time and resources.
- To the extent not restricted by confidentiality requirements or applicable law, the Advisers will, from time to time, apply experience and information gained in providing services to the Fund's portfolio investments in providing services to competing companies invested in by affiliates' other clients, which could have adverse consequences for the Fund or its portfolio investments. In addition, in providing services in respect of such portfolio investments and other issuers of portfolio investments, the Advisers or their respective affiliates will, from time to time, come into possession of information that they are prohibited from acting on (including on behalf of the Fund) or disclosing as a result of applicable confidentiality requirements or applicable law, even though such action or disclosure would be in the interests of the Fund.
- The Fund depends to a significant extent on the Advisers' access to the investment professionals and deal flow generated by the Advisers' investment professionals and senior management during the normal course of their investment and portfolio management activities. The senior management and the investment professionals of the Advisers source, evaluate, analyze and monitor the Fund's investments. The Fund's future success will depend on the continued service of the senior management team and investment professionals of each Adviser.
- The 1940 Act prohibits the Fund from participating in certain transactions with certain of its affiliates including an Adviser-affiliated broker-dealer. The Fund generally is prohibited, for example, from buying or selling any security or other property from or to another client of the Advisers or of Emphasis Capital LLC. The 1940 Act also prohibits certain "joint" transactions with certain of the Fund's affiliates, which in certain circumstances could include investments in the same portfolio investment (whether at the same or different times to the extent the transaction involves jointness) or transactions in which a broker-dealer affiliated with an Adviser participates as principal with the Fund. If a person acquires more than 25% of the Fund's voting securities, the Fund will generally be prohibited from buying or selling any security from or to such person or certain of that person's affiliates, or entering into prohibited joint transactions with such persons. Similar restrictions limit the Fund's ability to transact business with its officers or trustees or their affiliates. The SEC has interpreted the 1940 Act rules governing transactions with affiliates to prohibit certain "joint transactions" involving entities that share a common investment adviser. As a result of these restrictions, the scope of investment opportunities that would otherwise be available to the Fund will be limited. These investment opportunities will generally be made available to other funds, vehicles and accounts advised by the Advisers that are not subject to similar restrictions under the 1940 Act.

- Shareholders of the Fund are based in a wide variety of jurisdictions and take a wide variety of forms. Accordingly, they could have conflicting regulatory, legal, investment, tax and other interests with respect to their investments in the Fund. The conflicting interests of individual shareholders relate to or arise from, among other things, the nature of investments made by the Fund, the selection, structuring, acquisition and management of investments, the timing of disposition of investments, internal investment policies of the shareholders and their target risk/return profiles. As a consequence, conflicts of interest could arise in connection with decisions made by one or both Advisers, including with respect to the nature or structuring of investments, which could be more beneficial for one shareholder than for another shareholder, especially with respect to shareholders' individual tax situations. In addition, the Fund could make investments that have a negative impact on related investments made by the Fund in separate transactions. In selecting and structuring investments appropriate for the Fund, the Advisers will consider the investment and tax objectives of the Fund and its shareholders as a whole, not the investment, tax or other objectives of any shareholder individually.

Each of the Advisers and the other investment advisers and/or investment managers affiliated with Emphasis Capital LLC will deal with conflicts of interest using its best judgment, but in its sole discretion. When conflicts arise between the Fund and another affiliated fund, each Adviser will represent the interests of the Fund and the other participating affiliated adviser will represent the interests of the affiliated fund it sponsors, manages or advises. In resolving conflicts, each Adviser and the other affiliated advisers will consider various factors, including applicable restrictions under the 1940 Act, the interests of the funds and accounts they advise in the context of both the immediate issue at hand and the longer term course of dealing among the Fund and the other affiliated fund. As with all conflicts involving the Fund, the Advisers' determinations as to which factors are relevant and the resolution of such conflicts will be made in each Adviser's sole discretion except as required by the 1940 Act or by the governing documents of the Fund. Although each Adviser has established procedures and policies addressing conflicts of interest, there can be no assurance that the Advisers will be able to resolve all conflicts in a manner that is favorable to the Fund.

Proxy Voting Policy and Proxy Voting Record

The Board has delegated the day-to-day responsibility to the Sub-Adviser to vote the Fund's proxies. The Sub-Adviser votes proxies according to the proxy voting policies and procedures currently in effect as of the date of this Statement of Additional Information, a copy of which appears below. These guidelines are reviewed periodically by the Sub-Adviser as well as the Board, and, accordingly, are subject to change.

Proxy Policies

The Fund has delegated its proxy voting responsibility to its Sub-Adviser. The proxy voting policies and procedures of the Sub-Adviser are set forth below. The guidelines are reviewed periodically by the Sub-Adviser and the non-interested directors of the Fund, and, accordingly, are subject to change.

Policy

In accordance with Rule 206(4)-6 under the Advisers Act, it is the policy of the Sub-Adviser to vote all proxies in respect of securities in client accounts ("Client Securities") over which the Sub-Adviser has voting discretion in a manner consistent with best interests of the Sub-Adviser's clients. Given the Sub-Adviser's business of investing in private real estate funds (limited partnerships), proxy voting is often not applicable.

Responsibility

The chief compliance officer of the Sub-Adviser is responsible for ensuring adherence to the Sub-Adviser's proxy voting policies and procedures.

Procedures

The Sub-Adviser generally will monitor proposed corporate actions and proxy issues regarding Client Securities, and may take any of the following actions based on the best interests of its clients: (i) determine how to vote the proxies, (ii) abstain, or (iii) follow the recommendations of an independent proxy voting service in voting the proxies.

In general, the Sub-Adviser will determine how to vote proxies based on its reasonable judgment of the vote most likely to produce favorable financial results for its clients. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management and maintain or increase the rights of shareholders. Proxy votes generally will be cast against proposals having the opposite effect. However, the Sub-Adviser will consider both sides of each proxy issue.

Conflicts of Interest

Conflicts of interest between the Sub-Adviser or a principal of the Sub-Adviser and the Sub-Adviser's clients in respect of a proxy issue conceivably may arise, for example, from personal or professional relationships with a company or with the directors, candidates for director, or senior executives of a company that is the issuer of Client Securities.

If the chief compliance officer of the Sub-Adviser determines that a material conflict of interest exists, the following procedures shall be followed:

- the Sub-Adviser may abstain from voting; or
- the Sub-Adviser may follow the recommendations of an independent proxy voting service in voting the proxies.

You may obtain information, without charge, regarding how the Adviser voted proxies with respect to its clients' investments by making a written request for proxy voting information to: Chief Compliance Officer, Ted Uhl, 6710 E. Camelback Rd., Suite 100, Scottsdale, AZ 85251.

Proxy Voting Records

Information on how the Fund voted proxies (if any) relating to portfolio securities during the most recent 12-month period is available without charge by calling the Fund toll-free at 888-778-7781 or on the SEC's website at http://www.sec.gov.

Code of Ethics

The Fund and each Adviser have adopted codes of ethics pursuant to Rule 17j-1 under the 1940 Act that establish procedures for personal investments and restrict certain personal securities transactions. Personnel subject to these codes may invest in securities for their personal investment accounts, including securities that may be purchased or held by the Fund, so long as such investments are made in accordance with the code's requirements. In addition, the code of ethics is available on the EDGAR Database on the SEC's Internet site at http://www.sec.gov. You may also obtain copies of each code of ethics, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov.

PORTFOLIO TRANSACTIONS AND BROKERAGE

The Sub-Adviser has responsibility for decisions to buy and sell securities and other instruments for the Fund, the selection of brokers and dealers to effect the transactions and the negotiation of prices and any brokerage commissions on such transactions. Although the Sub-Adviser is primarily responsible for the placement of the Fund's portfolio business, the policies and practices in this regard are subject to review by the Board.

The Sub-Adviser does not execute transactions through any particular broker or dealer, but seeks to obtain the best net results for the Fund, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of the order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While the Sub-Adviser will generally seek reasonably competitive trade execution costs, the Fund will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, the Sub-Adviser may select a broker based partly upon brokerage or research services provided to them and the Fund and any other clients. In return for such services, the Fund may pay a higher commission than other brokers would charge if the Sub-Adviser determines in good faith that such commission is reasonable in relation to the services provided.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes the taxation of the Fund and the material U.S. federal income tax consequences to holders of the Shares of the Fund. This discussion is for your general information only. This summary is not tax advice. The tax treatment of a holder will vary depending upon the holder's particular situation, and this summary addresses only holders that hold these securities as capital assets and does not deal with all aspects of taxation that may be relevant to particular holders in light of their personal investment or tax circumstances. This summary also does not deal with all aspects of taxation that may be relevant to certain types of holders to which special provisions of the U.S. federal income tax laws apply, including:

- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- banks;
- life insurance companies;
- tax-exempt organizations;
- certain insurance companies;
- persons liable for the alternative minimum tax;
- persons that hold securities that are a hedge, that are hedged against interest rate or currency risks or that are part of a straddle or conversion transaction;
- persons that purchase or sell shares or debt securities as part of a wash sale for tax purposes; and
- U.S. shareholders whose functional currency is not the U.S. dollar.

This summary is based on the Code, its legislative history, existing and proposed regulations under the Code, published rulings and court decisions. This summary describes the provisions of these sources of law only as they are currently in effect. All of these sources of law may change at any time, and any change in the law may apply retroactively. Changes in U.S. federal, state and local tax laws or regulations, with or without retroactive application, could have a negative effect on the Fund. New legislation, Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect the Fund's ability to qualify to be taxed as a REIT and/or the U.S. federal income tax consequences to the Fund's investors and to the Fund. In addition, recent events and the shortfall in tax revenues for states and municipalities in recent years may lead to an increase in the frequency and size of such tax law changes. Even changes that do not impose greater taxes on the Fund could potentially result in adverse consequences to holders of Shares.

If a partnership holds Shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding Shares should consult such partner's tax advisor with regard to the U.S. federal income tax treatment of an investment in the Shares.

You are urged to consult with your own tax advisors regarding the tax consequences to you of acquiring, owning and selling Shares, including the U.S. federal, state, local and foreign tax consequences of acquiring, owning and selling these securities in your particular circumstances and potential changes in applicable laws.

As used in this section, the term "shareholder" means a holder of Shares who, for U.S. federal income tax purposes, is:

- a citizen or resident of the United States;
- a domestic corporation;
- an estate whose income is subject to U.S. federal income taxation regardless of the income's source; or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons have authority to control all substantial decisions of the trust.

Taxation of the Fund as a REIT

The Fund has elected to be taxed as a REIT. The Fund expects to operate in such a manner as to qualify for taxation as a REIT under the applicable provisions of the Code.

The Fund's qualification as a REIT depends upon the continuing satisfaction by the Fund of requirements of the Code relating to qualification for REIT status. Some of these requirements depend upon actual operating results, distribution levels, diversity of stock ownership, asset composition, source of income and record keeping. Accordingly, while the Fund intends to continue to qualify to be taxed as a REIT, the actual results of the Fund or of certain subsidiaries that are also REITs ("REIT Subsidiaries") for any particular year might not satisfy these requirements since the ability to satisfy such requirements depends on the operations of the underlying Eligible Component Funds over which the Fund has no control. The Fund will not monitor the REIT Subsidiaries' compliance with the requirements for REIT qualification.

The sections of the Code applicable to REITs are highly technical and complex. The following discussion summarizes material aspects of these sections of the Code.

As a REIT, the Fund generally will not have to pay U.S. federal corporate income taxes on the Fund's net income that the Fund currently distributes to its shareholders. This treatment substantially eliminates the "double taxation" at the corporate and shareholder levels that generally results from investment in a regular corporation. The Fund's dividends, however, generally will not be eligible for (i) the corporate dividends received deduction and (ii) the reduced rates of tax applicable to dividends received by noncorporate shareholders, although, as described below under "Taxation of Holders of Shares—Dividends", noncorporate holders of the Shares would generally be entitled to a deduction equal to 20 percent of certain dividends paid by the Fund.

Notwithstanding the above, the Fund will have to pay U.S. federal income tax as follows:

- First, the Fund will have to pay tax at the regular corporate rate on any undistributed real estate investment trust taxable income, including undistributed net capital gains.
- Second, if the Fund has (a) net income from the sale or other disposition of "foreclosure property", as defined in the Code, which is held primarily for sale to customers in the ordinary course of business or (b) other non-qualifying income from foreclosure property, it will have to pay tax at the corporate rate on that income.
- Third, if the Fund has net income from "prohibited transactions", as defined in the Code, the Fund will have to pay a 100% tax on that income. Prohibited transactions are, in general, certain sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business.
- Fourth, if the Fund should fail to satisfy the 75% gross income test or the 95% gross income test, as discussed below under "Requirements for Qualification—Income Tests", but has nonetheless maintained its qualification as a REIT because the Fund has satisfied some other requirements, it will have to pay a 100% tax on an amount equal to (a) the gross income attributable to the greater of (i) 75% of the Fund's gross income over the amount of gross income that is qualifying income for purposes of the 75% test, and (ii) 95% of the Fund's gross income over the amount of gross income that is qualifying income for purposes of the 95% test, multiplied by (b) a fraction intended to reflect the Fund's profitability.
- Fifth, if the Fund should fail to distribute during each calendar year at least the sum of (1) 85% of its REIT ordinary income for that year, (2) 95% of its REIT capital gain net income for that year and (3) any undistributed taxable income from prior periods, the Fund would have to pay a 4% excise tax on the excess of that required distribution over the sum of the amounts actually distributed and retained amounts on which income tax is paid at the corporate-level.
- Sixth, if the Fund acquires any asset from a C corporation in certain transactions in which the Fund must adopt the basis of the asset or any other property in the hands of the C corporation as the basis of the asset in the hands of the Fund, and the Fund recognizes gain on the disposition of that asset during the 5-year period beginning on the date on which the Fund acquired that asset, then the Fund will have to pay tax on the built-in gain at the regular corporate rate.
- Seventh, if the Fund derives "excess inclusion income" from a residual interest in a real estate mortgage investment conduit (a "REMIC"), or certain interests in a taxable mortgage pool (a "TMP"), the Fund could be subject to corporate level Federal income tax at the corporate rate to the extent that such income is allocable to certain types of tax-exempt shareholders that are not subject to unrelated business income tax, such as government entities.
- Eighth, if the Fund receives non-arm's-length income from a taxable REIT subsidiary (as defined under "Requirements for Qualification—Asset Tests"), or as a result of services provided by a taxable REIT subsidiary to tenants of the Fund, the Fund will be subject to a 100% tax on the amount of the Fund's non-arm's-length income.
- Ninth, if the Fund fails to satisfy a REIT asset test, as described below, due to reasonable cause and the Fund nonetheless maintains its REIT qualification because of specified cure provisions, the Fund will generally be required to pay a tax equal to the greater of $50,000 or the corporate tax rate multiplied by the net income generated by the nonqualifying assets that caused the Fund to fail such test.
- Tenth, if the Fund fails to satisfy any provision of the Code that would result in its failure to qualify as a REIT (other than a violation of the REIT gross income tests or a violation of the asset tests described below) and the violation is due to reasonable cause, the Fund may retain its REIT qualification but will be required to pay a penalty of $50,000 for each such failure.

Requirements for Qualification

The Code defines a REIT as a corporation, trust or association:

- which is managed by one or more trustees or directors;
- the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;
- that would otherwise be taxable as a domestic corporation, but for Sections 856 through 859 of the Code;
- that is neither a financial institution nor an insurance company to which certain provisions of the Code apply;
- the beneficial ownership of which is held by 100 or more persons;
- during the last half of each taxable year, not more than 50% in value of the outstanding stock of which is owned, directly or constructively, by five or fewer individuals, as defined in the Code to include certain entities (the "not closely held requirement"); and
- that meets certain other tests, including tests described below regarding the nature of its income and assets.

The Code provides that the conditions described in the first through fourth bullet points above must be met during the entire taxable year and that the condition described in the fifth bullet point above must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months.

The Fund expects to satisfy the conditions described in the first through sixth bullet points of the preceding paragraph. In addition, the Fund's Declaration of Trust provides for restrictions regarding the ownership and transfer of Shares. These restrictions are intended to assist the Fund in continuing to satisfy the share ownership requirements described in the fifth and sixth bullet points of the preceding paragraph.

Qualified REIT Subsidiaries. A corporation that is a "qualified REIT subsidiary," as defined in the Code (a "QRS"), will not be treated as a separate corporation, and all assets, liabilities and items of income, deduction and credit of a QRS will be treated as assets, liabilities and items of these kinds of the Fund, unless the Fund makes an election to treat such corporation as a TRS. Thus, in applying the requirements described in this section, the Fund's QRSs (if any) will be ignored, and all assets, liabilities and items of income, deduction and credit of these subsidiaries will be treated as assets, liabilities and items of these kinds of the Fund.

Investments in Partnerships. If a REIT is a partner in a partnership, Treasury regulations provide that the REIT will be deemed to own its proportionate share of the assets of the partnership and will be deemed to be entitled to the income of the partnership attributable to that share. In addition, the character of the assets and gross income of the partnership will retain the same character in the hands of the REIT for purposes of Section 856 of the Code, including satisfying the gross income tests and the asset tests. Thus, the Fund's proportionate share of the assets, liabilities and items of income of any partnership in which the Fund is a partner will be treated as assets, liabilities and items of income of the Fund for purposes of applying the requirements described in this section. Thus, actions taken by partnerships in which the Fund owns an interest, either directly or through one or more tiers of partnerships or qualified REIT subsidiaries, can affect the Fund's ability to satisfy the REIT income and asset tests and the determination of whether the Fund has net income from prohibited transactions. See the third bullet under the heading "Taxation of the Fund as a REIT" above for a brief description of prohibited transactions.

Taxable REIT Subsidiaries. A taxable REIT subsidiary (a "TRS") is any corporation in which a REIT directly or indirectly owns stock, provided that the REIT and that corporation make a joint election to treat that corporation as a TRS. The election can be revoked at any time as long as the REIT and the TRS revoke such election jointly. In addition, if a TRS holds, directly or indirectly, more than 35% of the securities of any other corporation other than a REIT (by vote or by value), then that other corporation is also treated as a TRS. A corporation can be a TRS with respect to more than one REIT.

A TRS is subject to U.S. federal income tax at regular corporate rates (currently a maximum rate of 21%), and may also be subject to state and local taxation. Any dividends paid or deemed paid by any one of the Fund's TRSs will also be taxable, either (1) to the Fund to the extent the dividend is retained by the Fund, or (2) to the Fund's shareholders to the extent the dividends received from the TRS are paid to the Fund's shareholders.

The Fund may hold more than 10% of the stock of a TRS without jeopardizing its qualification as a REIT notwithstanding the rule described below under "Asset Tests" that generally precludes ownership of more than 10% of any issuer's securities. However, as noted below, in order for the Fund to qualify as a REIT, the securities of all of the TRSs in which the Fund has invested either directly or indirectly may not represent more than 20% (or 25% for taxable years beginning after December 31, 2025) of the total value of the Fund's assets. The Fund expects that the aggregate value of all of its interests in TRSs, if any, will represent less than 20% (or 25% for taxable years beginning after December 31, 2025) of the total value of the Fund's assets; however, the Fund cannot assure that this will always be true. Other than certain activities related to operating or managing a lodging or health care facility, a TRS may generally engage in any business including the provision of customary or non-customary services to tenants of the parent REIT.

Income Tests. In order to maintain its qualification as a REIT, the Fund annually must satisfy two gross income requirements.

- First, the Fund must derive at least 75% of its gross income, excluding gross income from prohibited transactions, for each taxable year directly or indirectly from investments relating to real property, mortgages on real property or investments in REIT equity securities, including "rents from real property", as defined in the Code, or from certain types of temporary investments. Rents from real property generally include expenses of the Fund that are paid or reimbursed by tenants.

- Second, at least 95% of the Fund's gross income, excluding gross income from prohibited transactions, for each taxable year must be derived from real property investments as described in the preceding bullet point, dividends, interest and gain from the sale or disposition of stock or securities, or from any combination of these types of sources.

Rents that the Fund receives will qualify as rents from real property in satisfying the gross income requirements for a REIT described above only if the rents satisfy several conditions.

- First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from rents from real property solely because it is based on a fixed percentage or percentages of receipts or sales.

- Second, the Code provides that rents received from a tenant will not qualify as rents from real property in satisfying the gross income tests if the REIT, directly or under the applicable attribution rules, owns a 10% or greater interest in that tenant; except that rents received from a TRS under certain circumstances qualify as rents from real property even if the Fund owns more than a 10% interest in the subsidiary. A tenant in which the Fund owns a 10% or greater interest is referred to as a "related party tenant."
- Third, if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as rents from real property.
- Finally, for rents received to qualify as rents from real property, the REIT generally must not operate or manage the property or furnish or render services to the tenants of the property, other than through an independent contractor from whom the REIT derives no revenue or through a TRS. However, a REIT may directly perform certain services that landlords usually or customarily render when renting space for occupancy only or that are not considered rendered to the occupant of the property.

To the extent that the Fund earns rental income, the Fund expects such rental income to satisfy the requirements listed above.

The term "interest" generally does not include any amount received or accrued, directly or indirectly, if the determination of that amount depends in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term interest solely because the amount of the interest is based on a fixed percentage or percentages of receipts or sales.

Interest income and gain from the sale of a debt instrument issued by a "publicly offered REIT," unless the debt instrument is secured by real property or an interest in real property, is not treated as qualifying income for purposes of the 75% gross income test (even though such instruments are treated as "real estate assets" as discussed below) but is treated as qualifying income for purposes of the 95% gross income test. A "publicly offered REIT" means a REIT that is required to file annual and periodic reports with the Securities and Exchange Commission under the Exchange Act.

From time to time, the Fund may enter into hedging transactions with respect to one or more of the Fund's assets or liabilities. Hedging activities include entering into interest rate swaps, caps, and floors, options to purchase these items, and futures and forward contracts. Except to the extent provided by Treasury regulations, any income the Fund derives from a hedging transaction that is clearly identified as such as specified in the Code, including gain from the sale or disposition of such a hedging transaction, will not constitute gross income for purposes of the 75% or 95% gross income tests, and therefore will be excluded for purposes of these tests, but only to the extent that the transaction hedges indebtedness incurred or to be incurred by the Fund to acquire or carry real estate. The term "hedging transaction," as used above, generally means any transaction the Fund enters into in the normal course of its business primarily to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, by the Fund. The term "hedging transaction" also includes any transaction entered into primarily to manage the risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% gross income tests (or any property that generates such income or gain), including gain from the termination of such a transaction. The term "hedging transaction" also includes hedges of other hedging transactions described in this paragraph. The Fund intends to structure any hedging transactions in a manner that does not jeopardize its status as a REIT.

As a general matter, certain foreign currency gains recognized by the Fund, if any, are expected to be excluded from gross income for purposes of one or both of the gross income tests, as follows.

"Real estate foreign exchange gain" will be excluded from gross income for purposes of both the 75% and 95% gross income tests. Real estate foreign exchange gain generally includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 75% gross income test, foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) obligations secured by mortgages on real property or on interests in real property and certain foreign currency gain attributable to certain qualified business units of a REIT.

"Passive foreign exchange gain" will be excluded from gross income for purposes of the 95% gross income test. Passive foreign exchange gain generally includes real estate foreign exchange gain as described above, and also includes foreign currency gain attributable to any item of income or gain that is qualifying income for purposes of the 95% gross income test and foreign currency gain attributable to the acquisition or ownership of (or becoming or being the obligor under) obligations that would not fall within the scope of the definition of real estate foreign exchange gain.

If the Fund fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it may nevertheless qualify as a REIT for that year if it satisfies the requirements of other provisions of the Code that allow relief from disqualification as a REIT. These relief provisions will generally be available if:

- The Fund's failure to meet the income tests was due to reasonable cause and not due to willful neglect; and
- The Fund files a schedule of each item of income in excess of the limitations described above in accordance with regulations to be prescribed by the U.S. Internal Revenue Service (the "IRS").

The Fund might not be entitled to the benefit of these relief provisions, however. Even if these relief provisions apply, the Fund would have to pay a tax on the excess income. The tax will be a 100% tax on an amount equal to (a) the gross income attributable to the greater of (i) 75% of the Fund's gross income over the amount of gross income that is qualifying income for purposes of the 75% test, and (ii) 95% of the Fund's gross income over the amount of gross income that is qualifying income for purposes of the 95% test, multiplied by (b) a fraction intended to reflect the Fund's profitability.

Asset Tests. The Fund, at the close of each quarter of its taxable year, must also satisfy four tests relating to the nature of its assets.

- First, at least 75% of the value of the Fund's total assets must be represented by real estate assets, including (a) real estate assets held by the Fund's QRSs, the Fund's allocable share of real estate assets held by partnerships in which the Fund owns an interest and stock issued by another REIT, (b) for a period of one year from the date of the Fund's receipt of proceeds of an offering of its Shares or publicly offered debt with a term of at least five years, stock or debt instruments purchased with these proceeds and (c) cash, cash items and government securities, and (d) certain debt instruments of publicly offered REITs (as defined above), interests in mortgages on interests in real property, personal property to the extent that rents attributable to the property are treated as rents from real property under the applicable Code section, and a mortgage secured by real property and personal property, provided that the fair market value of the personal property does not exceed 15% of the total fair market value of all property securing such mortgage.
- Second, not more than 25% of the Fund's total assets may be represented by securities other than those in the 75% asset class (except that not more than 25% of the REIT's total assets may be represented by "nonqualified" debt instruments issued by publicly offered REITs). For this purpose, a "nonqualified" debt instrument issued by a publicly offered REIT is any real estate asset that would cease to be a real estate asset if the definition of a real estate asset was applied without regard to the reference to debt instruments issued by publicly offered REITs.

- Third, not more than 20% (or 25% for taxable years beginning after December 31, 2025) of the Fund's total assets may constitute securities issued by TRSs and of the investments included in the 25% asset class, the value of any one issuer's securities, other than equity securities issued by another REIT or securities issued by a TRS, owned by the Fund may not exceed 5% of the value of the Fund's total assets.

- Fourth, the Fund may not own more than 10% of the vote or value of the outstanding securities of any one issuer, except for issuers that are REITs, QRSs or TRSs, or certain securities that qualify under a safe harbor provision of the Code (such as so-called "straight-debt" securities). Solely for the purposes of the 10% value test described above, the determination of the Fund's interest in the assets of any partnership or limited liability company in which the Fund owns an interest will be based on the Fund's proportionate interest in any securities issued by the partnership or limited liability company, excluding for this purpose certain securities described in the Code.

If the IRS successfully challenges the partnership status of any of the partnerships in which the Fund maintains a more than 10% vote or value interest, and the partnership is reclassified as a corporation or a publicly traded partnership taxable as a corporation, the Fund could lose its REIT status. In addition, in the case of such a successful challenge, the Fund could lose its REIT status if such recharacterization results in the Fund otherwise failing one of the asset tests described above.

Certain relief provisions may be available to the Fund if it fails to satisfy the asset tests described above after a 30-day cure period. Under these provisions, the Fund will be deemed to have met the 5% and 10% REIT asset tests if the value of the Fund's nonqualifying assets (i) does not exceed the lesser of (a) 1% of the total value of the Fund's assets at the end of the applicable quarter and (b) $10,000,000, and (ii) the Fund disposes of the nonqualifying assets within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by Treasury regulations to be issued. For violations due to reasonable cause and not willful neglect that are not described in the preceding sentence, the Fund may avoid disqualification as a REIT under any of the asset tests, after the 30-day cure period, by taking steps including (i) the disposition of the nonqualifying assets to meet the asset test within (a) six months after the last day of the quarter in which the failure to satisfy the asset tests is discovered or (b) the period of time prescribed by Treasury regulations to be issued, (ii) paying a tax equal to the greater of (a) $50,000 or (b) the corporate tax rate multiplied by the net income generated by the nonqualifying assets, and (iii) disclosing certain information to the IRS.

Annual Distribution Requirements. The Fund, in order to qualify as a REIT, is required to distribute dividends, other than capital gain dividends, to the Fund's shareholders in an amount at least equal to (1) the sum of (a) 90% of the Fund's "real estate investment trust taxable income," computed without regard to the dividends paid deduction and the Fund's net capital gain, and (b) 90% of the Fund's net after-tax income, if any, from foreclosure property minus (2) the sum of certain items of non-cash income.

In addition, if the Fund acquires an asset from a C corporation in a carryover basis transaction and disposes of such asset within five years of acquiring the asset, the Fund may be required to distribute at least 90% of the after-tax built-in gain, if any, recognized on the disposition of the asset.

These distributions must be paid in the taxable year to which the distributions relate, or in the following taxable year if declared before the Fund timely files its tax return for the year to which the distributions relate and if paid on or before the first regular dividend payment after the declaration. However, for U.S. federal income tax purposes, these distributions that are declared in October, November or December as of a record date in such month and actually paid in January of the following year will be treated as if the distributions were paid on December 31 of the year declared.

To the extent that the Fund does not distribute all of its net capital gain or distributes at least 90%, but less than 100%, of the Fund's real estate investment trust taxable income, as adjusted, the Fund will have to pay tax on the undistributed amounts at regular corporate tax rates. Furthermore, if the Fund fails to distribute during each calendar year at least the sum of (a) 85% of the Fund's ordinary income for that year, (b) 95% of the Fund's capital gain net income for that year and (c) any undistributed taxable income from prior periods, the Fund would have to pay a 4% excise tax on the excess of the required distribution over the sum of the amounts actually distributed and retained amounts on which income tax is paid at the corporate level.

The Fund intends to satisfy the annual distribution requirements. Since the ability to satisfy such requirements depends on distributions from underlying Eligible Component Funds over which the Fund has no control, there can be no assurance that the Fund will satisfy such distribution requirements in any particular year.

From time to time, the Fund may not have sufficient cash or other liquid assets to meet the 90% distribution requirement due to timing differences between (a) when the Fund actually receives income and when the Fund actually pays deductible expenses and (b) when the Fund includes the income and deducts the expenses in arriving at the Fund's taxable income. If timing differences of this kind occur, in order to meet the 90% distribution requirement, the Fund may find it necessary to arrange for short-term, or possibly long-term, borrowings or to pay dividends in the form of taxable share dividends.

Under certain circumstances, the Fund may be able to rectify a failure to meet the distribution requirement for a year by paying "deficiency dividends" to shareholders in a later year, which may be included in the Fund's deduction for dividends paid for the earlier year. Thus, the Fund may be able to avoid being taxed on amounts distributed as deficiency dividends; however, the Fund will be required to pay interest based upon the amount of any deduction taken for deficiency dividends.

Interest Deduction Limitation

Section 163(j) of the Code limits the deductibility of net interest expense paid or accrued on debt properly allocable to a trade or business to 30% of "adjusted taxable income," subject to certain exceptions. Any deduction in excess of the limitation is carried forward and may be used in a subsequent year, subject to the 30% limitation. Adjusted taxable income is determined without regard to certain deductions, including those for net interest expense, net operating loss carryforwards. Provided the taxpayer makes a timely election (which is irrevocable), the 30% limitation does not apply to an electing real property trade or business. If this election is made, depreciable real property (including certain improvements) held by the relevant trade or business must be depreciated under the alternative depreciation system under the Code, which is generally less favorable than the generally applicable system of depreciation under the Code. Under Treasury Regulations, the Fund may be able to elect not to have the interest deduction limitation apply. If the Fund does not make the election, the interest deduction limitation could result in the Fund having more REIT taxable income and thus increase the amount of distributions the Fund must make to comply with the REIT requirements and avoid incurring corporate level tax. Similarly, the limitation could cause the Fund's TRSs to have greater taxable income and thus potentially greater corporate tax liability.

Penalty Tax

As a REIT, the Fund is subject to a 100% penalty tax with respect to certain transactions with taxable REIT subsidiaries. The Code imposes an excise tax of 100% on a REIT with respect to the gross income of a taxable REIT subsidiary that is attributable to services provided to, or on behalf of, the REIT (and not to services provided to tenants), less properly allocable deductions, to the extent that the reported amount of such income is adjusted by the IRS by reason of such reported amount being less than the amount that would have been paid to a party in an arm's-length transaction.

Failure to Qualify as a REIT

If the Fund would otherwise fail to qualify as a REIT because of a violation of one of the requirements described above, the Fund's qualification as a REIT will not be terminated if the violation is due to reasonable cause and not willful neglect and the Fund pays a penalty tax of $50,000 for the violation. The immediately preceding sentence does not apply to violations of the income tests described above or a violation of the asset tests described above, each of which has specific relief provisions that are described above.

If the Fund fails to qualify for taxation as a REIT in any taxable year, and the relief provisions do not apply, the Fund will have to pay tax on the Fund's taxable income at regular corporate rates. The Fund will not be able to deduct distributions to shareholders in any year in which the Fund fails to qualify, nor will the Fund be required to make distributions to shareholders. In this event, to the extent of current and accumulated earnings and profits, all distributions to shareholders will be taxable to the shareholders as dividend income (which may be subject to tax at preferential rates) and corporate distributees may be eligible for the dividends-received deduction if such distributees satisfy the relevant provisions of the Code. In addition, a noncorporate shareholder would not be eligible for the 20% deduction in respect of certain REIT dividends. Unless entitled to relief under specific statutory provisions, the Fund will also be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost. The Fund might not be entitled to the statutory relief described above in all circumstances.

Excess Inclusion Income

If the Fund holds a residual interest in a REMIC or certain interests in a TMP from which the Fund derives "excess inclusion income," the Fund may be required to allocate such income among its shareholders in proportion to the dividends received by the Fund's shareholders, even though the Fund may not receive such income in cash. To the extent that excess inclusion income is allocable to a particular shareholder, the income (1) would not be allowed to be offset by any net operating losses otherwise available to the shareholder, (2) would be subject to tax as unrelated business taxable income in the hands of most types of shareholders that are otherwise generally exempt from U.S. federal income tax, and (3) would result in the application of U.S. federal income tax withholding at the maximum rate (30%), without reduction pursuant to any otherwise applicable income tax treaty, to the extent allocable to most types of foreign shareholders.

Taxation of U.S. Shareholders

Dividends. As long as the Fund qualifies as a REIT, distributions made by the Fund out of its current or accumulated earnings and profits, and not designated as capital gain dividends, will constitute dividends taxable to the Fund's taxable U.S. shareholders as ordinary income. Noncorporate U.S. shareholders will generally not be entitled to the preferential tax rate applicable to certain types of dividends (giving rise to "qualified dividend income") except with respect to the portion of any distribution (a) that represents income from dividends the Fund received from a corporation in which the Fund owns shares (but only if such dividends would be eligible for the lower rate on dividends if paid by the corporation to its individual shareholders), (b) that is equal to the sum of the Fund's real estate investment trust taxable income (taking into account the dividends paid deduction available to the Fund) and certain net built-in gain with respect to property acquired from a C corporation in certain transactions in which the Fund must adopt the basis of the asset in the hands of the C corporation for the Fund's previous taxable year and less any taxes paid by the Fund during its previous taxable year, or (c) that represents earnings and profits that were accumulated in a non-REIT taxable year, in each case, provided that certain holding period and other requirements are satisfied at both the Fund and individual shareholder level.

Noncorporate holders of shares in a REIT such as the Fund are entitled to a deduction equal to 20% of any "qualified REIT dividends." Qualified REIT dividends are defined as any dividend from a REIT that is not a capital gain dividend or a dividend attributable to dividend income from U.S. corporations or certain non-U.S. corporations. A noncorporate U.S. shareholder's ability to claim a deduction equal to 20% of qualified REIT dividends received may be limited by the shareholder's particular circumstances. In addition, for any noncorporate U.S. shareholder that claims a deduction in respect of qualified REIT dividends, the maximum threshold for the accuracy-related penalty with respect to substantial understatements of income tax could be reduced from 10% to 5%. The deduction in respect of qualified REIT dividends is generally not available to corporate holders of shares in a REIT or to noncorporate holders owning shares in a REIT indirectly through a corporate entity.

Noncorporate U.S. shareholders should consult their own tax advisors to determine the impact of tax rates on dividends received from the Fund and the ability to claim a deduction in respect of such dividends. Distributions made by the Fund will not be eligible for the dividends-received deduction in the case of U.S. shareholders that are corporations. Distributions made by the Fund that the Fund properly designates as capital gain dividends will be taxable to U.S. shareholders as gain from the sale of a capital asset held for more than one year, to the extent that such dividends do not exceed the Fund's actual net capital gain for the taxable year, without regard to the period for which a U.S. shareholder has held its Shares. Thus, with certain limitations, capital gains dividends received by an individual U.S. shareholder may be eligible for preferential rates of taxation. U.S. shareholders that are corporations may, however, be required to treat up to 20% of certain capital gain dividends as ordinary income. The maximum amount of dividends that may be designated by the Fund as capital gain dividends and as "qualified dividend income" with respect to any taxable year may not exceed the dividends paid by the Fund with respect to such year, including dividends paid by it in the succeeding taxable year that relate back to the prior taxable year for purposes of determining its dividends paid deduction. In addition, the IRS has been granted authority to prescribe regulations or other guidance requiring the proportionality of the designation for particular types of dividends (for example, capital gain dividends) among REIT shares.

To the extent that the Fund makes distributions not designated as capital gain dividends in excess of the Fund's current and accumulated earnings and profits, these distributions will be treated first as a tax-free return of capital to each U.S. shareholder. Thus, these distributions will reduce the adjusted basis that the U.S. shareholder has in the Shares for tax purposes by the amount of the distribution, but not below zero. Distributions in excess of a U.S. shareholder's adjusted basis in the Shares will be taxable as capital gains, provided that the Shares have been held as a capital asset. For purposes of determining the portion of distributions on separate classes of Shares that will be treated as dividends for U.S. federal income tax purposes, current and accumulated earnings and profits will be allocated to distributions resulting from priority rights of Shares before being allocated to other distributions.

As described above, dividends authorized by the Fund in October, November, or December of any year and payable to a shareholder of record on a specified date in any of these months will be treated as both paid by the Fund and received by the shareholder on December 31 of that year, provided that the Fund actually pays the dividend on or before January 31 of the following calendar year. Shareholders may not include in their own income tax returns any net operating losses or capital losses of the Fund.

The Fund may make distributions to shareholders that are paid in Shares. In certain circumstances, these distributions may be intended to be treated as dividends for U.S. federal income tax purposes and a U.S. shareholder would, therefore, generally have taxable income with respect to such distributions of Shares and may have a tax liability on account of such distribution in excess of the cash (if any) that is received.

U.S. shareholders holding Shares at the close of the Fund's taxable year will be required to include, in computing the U.S. shareholders' long-term capital gains for the taxable year in which the last day of the Fund's taxable year falls, the amount of the Fund's undistributed net capital gain that the Fund designates in a written notice mailed to its shareholders. The Fund may not designate amounts in excess of the Fund's undistributed net capital gain for the taxable year. Each U.S. shareholder required to include the designated amount in determining the shareholder's long-term capital gains will be deemed to have paid, in the taxable year of the inclusion, the tax paid by the Fund in respect of the undistributed net capital gains. U.S. shareholders to whom these rules apply will be allowed a credit or a refund, as the case may be, for the tax such shareholders are deemed to have paid. U.S. shareholders will increase their basis in the Shares by the difference between the amount of the includible gains and the tax deemed paid by the shareholders in respect of these gains.

Distributions made by the Fund and gain arising from a U.S. shareholder's sale or exchange of Shares will not be treated as passive activity income. As a result, U.S. shareholders generally will not be able to apply any passive losses against that income or gain.

Sale or Exchange of Shares. When a U.S. shareholder sells or otherwise disposes of Shares, the shareholder will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between (a) the amount of cash and the fair market value of any property received on the sale or other disposition, and (b) the holder's adjusted basis in the Shares for tax purposes. This gain or loss will be capital gain or loss if the U.S. shareholder has held the Shares as capital assets. The gain or loss will be long-term gain or loss if the U.S. shareholder has held the Shares for more than one year. Long-term capital gain of an individual U.S. shareholder is generally taxed at preferential rates. In general, any loss recognized by a U.S. shareholder when the shareholder sells or otherwise disposes of Shares that the shareholder has held for six months or less, after applying certain holding period rules, will be treated as a long-term capital loss, to the extent of distributions received by the shareholder from the Fund that were required to be treated as long-term capital gains.

Redemption of Shares. The Fund intends to offer to repurchase Shares on a quarterly basis on such terms as may be determined by the Board, in its sole discretion, unless, in the judgment of the Fund's Board, such repurchases would not be in the Fund's best interests or would violate applicable law.

Any redemption of Shares for cash will be a taxable transaction for U.S. federal income tax purposes. If a redemption for cash by a U.S. shareholder is treated as a sale or redemption of such Shares for U.S. federal income tax purposes, the holder will recognize capital gain or loss equal to the difference between the purchase price and the U.S. shareholder's adjusted tax basis in the Shares redeemed by the Fund. The gain or loss would be long-term capital gain or loss if the holding period for the Shares exceeds one year. The deductibility of capital losses may be subject to limitations.

The receipt of cash by a shareholder in redemption of the Shares will be treated as a sale or redemption for U.S. federal income tax purposes if the redemption:

- is "not essentially equivalent to a dividend" with respect to the holder under Section 302(b)(1) of the Code;
- is a "substantially disproportionate" redemption with respect to the holder under Section 302(b)(2) of the Code; or
- results in a "complete termination" of the holder's interest in the Fund under Section 302(b)(3) of the Code.

In determining whether any of these tests has been met, a holder must take into account not only Shares or any other class of the Fund shares it actually owns, but also any Shares regardless of class it constructively owns within the meaning of Section 318 of the Code (including shares that are owned, directly or indirectly, by certain members of the holder's family and certain entities (such as corporations, partnerships, trusts and estates) in which the holder has an equity interest as well as shares that may be acquired through options that it owns).

A distribution to a shareholder will be treated as "not essentially equivalent to a dividend" if it results in a "meaningful reduction" in the shareholder's interest (taking into account all Shares owned, regardless of class or series) in the Fund. Whether the receipt of cash by a shareholder will result in a meaningful reduction of the shareholder's proportionate interest will depend on the shareholder's particular facts and circumstances. If, however, as a result of a redemption of Shares, a U.S. shareholder whose relative interest (actual or constructive) in the Fund is minimal and who exercises no control over corporate affairs suffers a reduction in its proportionate interest in the Fund (including any ownership of shares constructively owned), the holder generally should be regarded as having suffered a "meaningful reduction" in its interest in the Fund.

Satisfaction of the "substantially disproportionate" and "complete termination" exceptions is dependent upon compliance with certain objective tests set forth in Section 302(b)(2) and Section 302(b)(3) of the Code. A distribution to a shareholder will be "substantially disproportionate" if the percentage of the Fund's outstanding voting shares actually and constructively owned by the shareholder immediately following the redemption of Shares (treating Shares redeemed as not outstanding) is less than 80% of the percentage of the Fund's outstanding voting shares actually and constructively owned by the shareholder immediately before the redemption (treating Shares redeemed pursuant to the tender offer as not outstanding), and immediately following the redemption the shareholder actually and constructively owns less than 50% of the total combined voting power of the Fund.

A distribution to a shareholder will result in a "complete termination" if either (1) all of the Shares and all other classes of the Fund's shares actually and constructively owned by the shareholder are redeemed or (2) all of the Shares and the Fund's other classes of shares actually owned by the shareholder are redeemed or otherwise disposed of and the shareholder is eligible to waive, and effectively waives, the attribution of the Fund's shares constructively owned by the shareholder in accordance with the procedures described in Section 302(c)(2) of the Code.

Any redemption may not be a redemption of all of the Shares. If the Fund were to redeem less than all of the Shares, a shareholder's ability to meet any of the three tests described above might be impaired. In consulting with their tax advisors, shareholders should discuss the consequences of a partial redemption of Shares on the amount of the Fund's shares actually and constructively owned by such holder required to produce the desired tax treatment.

If a U.S. shareholder's receipt of cash attributable to a redemption of Shares for cash does not meet one of the tests of Section 302 of the Code described above, then the cash received by such holder in the tender offer will be treated as a dividend and taxed as described above.

Backup Withholding. The Fund will report to its U.S. shareholders and the IRS the amount of dividends paid during each calendar year, and the amount of tax withheld, if any. Under the backup withholding rules, backup withholding may apply to a shareholder with respect to dividends paid unless the holder (a) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (b) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. The IRS may also impose penalties on a U.S. shareholder that does not provide the Fund with such shareholder's correct taxpayer identification number. A shareholder may credit any amount paid as backup withholding against the shareholder's income tax liability. In addition, the Fund may be required to withhold a portion of capital gain distributions to any shareholders who fail to certify their non-foreign status to the Fund.

Taxation of Tax-Exempt Shareholders. The IRS has ruled that amounts distributed as dividends by a REIT generally do not constitute unrelated business taxable income when received by a tax-exempt entity. Based on that ruling, provided that a tax-exempt shareholder is not one of the types of entity described below and has not held its shares as "debt financed property" within the meaning of the Code, and the shares are not otherwise used in a trade or business, the dividend income from shares is not expected to be unrelated business taxable income to a tax-exempt shareholder. Similarly, income from the sale of shares is not expected to constitute unrelated business taxable income unless the tax-exempt shareholder has held the shares as "debt financed property" within the meaning of the Code or has used the shares in a trade or business.

Notwithstanding the above paragraph, tax-exempt shareholders will be required to treat as unrelated business taxable income any dividends paid by the Fund that are allocable to the Fund's "excess inclusion" income, if any.

Income from an investment in Shares will constitute unrelated business taxable income for tax-exempt shareholders that are social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans exempt from U.S. federal income taxation under the applicable subsections of Section 501(c) of the Code, unless the organization is able to properly deduct amounts set aside or placed in reserve for certain purposes so as to offset the income generated by the Shares. Prospective investors of the types described in the preceding sentence should consult such investors' own tax advisors concerning these "set aside" and reserve requirements.

Notwithstanding the foregoing, however, a portion of the dividends paid by a "pension-held REIT" will be treated as unrelated business taxable income to any trust that:

- is described in Section 401(a) of the Code;
- is tax-exempt under Section 501(a) of the Code; and
- holds more than 10% (by value) of the equity interests in the REIT.

Tax-exempt pension, profit-sharing and stock bonus funds that are described in Section 401(a) of the Code are referred to below as "qualified trusts." A REIT is a "pension-held REIT" if:

- it would not have qualified as a REIT but for the fact that Section 856(h)(3) of the Code provides that stock owned by qualified trusts will be treated, for purposes of the "not closely held" requirement, as owned by the beneficiaries of the trust (rather than by the trust itself); and
- either (a) at least one qualified trust holds more than 25% by value of the interests in the REIT or (b) one or more qualified trusts, each of which owns more than 10% by value of the interests in the REIT, hold in the aggregate more than 50% by value of the interests in the REIT.

The percentage of any REIT dividend treated as unrelated business taxable income to a qualifying trust is equal to the ratio of (a) the gross income of the REIT from unrelated trades or businesses, determined as though the REIT were a qualified trust, less direct expenses related to this gross income, to (b) the total gross income of the REIT, less direct expenses related to the total gross income. A de minimis exception applies where this percentage is less than 5% for any year.

The rules described above under the heading "Taxation of U.S. Shareholders" concerning the inclusion of the Fund's designated undistributed net capital gains in the income of its shareholders will apply to tax-exempt entities. Thus, tax-exempt entities will be allowed a credit or refund of the tax deemed paid by these entities in respect of the includible gains.

Medicare Tax

A U.S. shareholder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) the U.S. shareholder's "net investment income" (or "undistributed net investment income" in the case of an estate or trust) for the relevant taxable year and (2) the excess of the U.S. shareholder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between $125,000 and $250,000, depending on the individual's circumstances). A holder's net investment income generally includes the holder's dividend income and the holder's net gains from the disposition of Shares, unless such dividends or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a U.S. shareholder that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Fund shares.

Tax Shelter Reporting

If a shareholder recognizes a loss with respect to stock of $2 million or more for an individual shareholder or $10 million or more for a corporate shareholder, the shareholder must file a disclosure statement with the IRS on Form 8886. Direct shareholders of portfolio securities are in many cases exempt from this reporting requirement, but shareholders of a REIT currently are not excepted. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Shareholders should consult their tax advisors to determine the applicability of these regulations in light of their individual circumstances.

Taxation of Non-U.S. Shareholders

The rules governing the U.S. federal income taxation of foreign shareholders are complex. Non-U.S. shareholders should consult their own tax advisors to determine the impact of federal, state and local income tax laws on ownership of the Shares, including any reporting requirements and to determine their eligibility for exemption from FIRPTA withholding and their qualification as a qualified shareholder or a qualified foreign pension fund under the Code.

Distributions by the Fund to a non-U.S. shareholder that are neither attributable to gain from sales or exchanges by the Fund of "U.S. real property interests" nor reported by the Fund as capital gains dividends will be treated as dividends of ordinary income to the extent that they are made out of the Fund's current or accumulated earnings and profits. These distributions generally will be subject to U.S. federal income tax on a gross basis at a rate of 30%, or a lower rate as may be specified under an applicable income tax treaty, unless the dividends are treated as effectively connected with the conduct by the non-U.S. shareholder of a trade or business within the United States. Under some treaties, however, lower rates generally applicable to dividends do not apply to dividends from REITs. Further, reduced treaty rates are not available to the extent the income allocated to the non-U.S. shareholder is excess inclusion income. Dividends that are effectively connected with the non-U.S. shareholder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment) will be subject to tax on a net basis, that is, after allowance for deductions, at graduated rates, in the same manner as U.S. shareholders are taxed with respect to these dividends, and are generally not subject to withholding. Applicable certification and disclosure requirements must be satisfied to be exempt from withholding under the effectively connected income exception. Any dividends received by a corporate non-U.S. shareholder that is engaged in a trade or business within the United States may also be subject to an additional branch profits tax at a 30% rate, or lower applicable treaty rate. A non-U.S. shareholder who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for the Fund's ordinary dividends will be required (i) to complete the applicable IRS Form W-8 and certify under penalty of perjury that such holder is not a U.S. person as defined under the Code and is eligible for treaty benefits or (ii) if the Shares are held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable Treasury regulations. Special certification and other requirements apply to certain non-U.S. shareholders that are pass-through entities rather than corporations or individuals. A non-U.S. shareholder eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Distributions that are neither attributable to gain from sales or exchanges of "U.S. real property interests" nor designated as capital gains dividends and that are in excess of the Fund's current or accumulated earnings and profits that do not exceed the adjusted basis of the non-U.S. shareholder in its Shares will reduce the non-U.S. shareholder's adjusted basis in its Shares and will not be subject to U.S. federal income tax. Distributions that are neither attributable to gain from sales or exchanges of "U.S. real property interests" nor designated as capital gains dividends and that are in excess of current and accumulated earnings and profits that do exceed the adjusted basis of the non-U.S. shareholder in its Shares will be treated as gain from the sale of its Shares (discussed below). Because the Fund generally cannot determine at the time the Fund makes a distribution whether or not the distribution will exceed the Fund's current and accumulated earnings and profits, the Fund normally will withhold tax on the entire amount of any distribution at the same rate as the Fund would withhold on a dividend. The Fund would be required to withhold at least 15% of any distribution to a non-U.S. shareholder in excess of the Fund's current and accumulated earnings and profits if the Fund's Shares constitutes a U.S. real property interest with respect to such non-U.S. shareholder, as discussed below. This withholding would apply even if a lower treaty rate otherwise applies or the non-U.S. shareholder is not liable for tax on the receipt of that distribution. However, a non-U.S. shareholder may seek a refund of these amounts from the IRS if the non-U.S. shareholder's U.S. tax liability with respect to the distribution is less than the amount withheld.

Distributions to a non-U.S. shareholder that are designated by the Fund at the time of the distribution as capital gain dividends, other than those arising from the disposition of a U.S. real property interest, generally should not be subject to U.S. federal income taxation unless: (i) the investment in the Shares is effectively connected with the non-U.S. shareholder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of the non-U.S. shareholder), in which case the non-U.S. shareholder will generally be subject to the same treatment as U.S. shareholders with respect to any gain, except that a shareholder that is a foreign corporation also may be subject to the 30% branch profits tax, as discussed above; or (ii) the non-U.S. shareholder is an individual who is present in the United States for 183 days or more during the taxable year of the distribution and has a "tax home" in the United States, in which case the individual will be subject to a 30% tax on the individual's capital gains.

Under FIRPTA, distributions to a non-U.S. shareholder that are attributable to gain from sales or exchanges by the Fund of U.S. real property interests, whether or not designated as capital gain dividends, will cause the non-U.S. shareholder to be treated as recognizing gain that is income effectively connected with the conduct of a trade or business in the United States. Non-U.S. shareholders will be taxed on this gain at the same rates applicable to U.S. shareholders, subject to a special alternative minimum tax in the case of non-resident alien individuals. Also, this gain may be subject to a 30% (or lower applicable treaty rate) branch profits tax in the hands of a non-U.S. shareholder that is a corporation. A distribution is not attributable to a U.S. real property interest if the Fund held an interest in the underlying asset solely as a creditor. The Fund will be required to withhold and remit to the IRS the highest rate of U.S. federal income tax applicable to each non-U.S. shareholder, based on the status of such holder, of any distributions to non-U.S. shareholders that are designated as capital gain dividends, or, if greater, the highest rate of U.S. federal income tax applicable to each non-U.S. shareholder, based on the status of such holder, of a distribution that could have been designated as a capital gain dividend, whether or not attributable to sales of U.S. real property interests. Distributions can be designated as capital gain dividends to the extent of the Fund's net capital gain for the taxable year of the distribution. The amount withheld, which for individual non-U.S. shareholders may exceed the actual tax liability, is creditable against the non-U.S. shareholder's U.S. federal income tax liability. However, the above withholding tax will not apply to any capital gain dividend with respect to (i) any class of the Fund's stock which is "regularly traded" on an established securities market located in the United States if the non-U.S. shareholder did not own more than 10% of such class of stock at any time during the one-year period ending on the date of such dividend or (ii) a "qualified shareholder" or a "qualified foreign pension fund." Instead, any capital gain dividend will be treated as a distribution subject to the rules discussed above. Also, the branch profits tax would not apply to such a distribution. However, it is not anticipated that the Fund's Shares will be "regularly traded" on an established securities market. Although the law is not clear on the matter, it appears that amounts the Fund designates as undistributed capital gains in respect of the stock held by U.S. shareholders generally should be treated with respect to non-U.S. shareholders in the same manner as actual distributions by the Fund of capital gain dividends. Under that approach, the non-U.S. shareholders would be able to offset as a credit against their U.S. federal income tax liability resulting therefrom their proportionate share of the tax paid by the Fund on the undistributed capital gains, and to receive from the IRS a refund to the extent that their proportionate share of this tax paid by the Fund were to exceed their actual U.S. federal income tax liability. If the Fund were to designate a portion of the Fund's net capital gain as undistributed capital gain, a non-U.S. shareholder is urged to consult its tax advisor regarding the taxation of such undistributed capital gain.

Subject to the discussion below regarding repurchases of the Fund's Shares, gain recognized by a non-U.S. shareholder upon the sale or exchange of the Fund's Shares generally would not be subject to U.S. taxation unless: the investment in the Fund's Shares is effectively connected with the non-U.S. shareholder's conduct of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of the non-U.S. shareholder), in which case the non-U.S. shareholder will be subject to the same treatment as domestic holders with respect to any gain; the non-U.S. shareholder is a non-resident alien individual who is present in the United States for 183 days or more during the taxable year and has a tax home in the United States, in which case the non-resident alien individual will be subject to a 30% tax on the individual's net capital gains for the taxable year; or the non-U.S. shareholder is not a qualified shareholder or a qualified foreign pension fund and the Fund's Shares constitutes a U.S. real property interest within the meaning of FIRPTA, as described below.

The Fund anticipates that the Fund's Shares will constitute a U.S. real property interest within the meaning of FIRPTA unless the Fund is a domestically-controlled REIT. The Fund will be a domestically-controlled REIT if, at all times during a specified testing period, less than 50% in value of the Fund's stock is held directly or indirectly by non-U.S. shareholders. No assurance can be given, however, that the Fund is or will be a domestically-controlled REIT. Even if the Fund were not a domestically-controlled REIT, a sale of Shares by a non-U.S. shareholder would nevertheless not be subject to taxation under FIRPTA as a sale of a U.S. real property interest if: the Fund's Shares were "regularly traded" on an established securities market within the meaning of applicable Treasury regulations; and the non-U.S. shareholder did not actually, or constructively under specified attribution rules under the Code, own more than 10% of the Fund's Shares at any time during the shorter of the five-year period preceding the disposition or the holder's holding period. However, it is not anticipated that the Fund's Shares will be "regularly traded" on an established securities market. If gain on the sale or exchange of the Fund's Shares were subject to taxation under FIRPTA, the non-U.S. shareholder would be subject to regular U.S. income tax with respect to any gain in the same manner as a taxable U.S. shareholder, subject to any applicable alternative minimum tax and special alternative minimum tax in the case of non-resident alien individuals. In such a case, under FIRPTA the purchaser of Shares may be required to withhold 10% of the purchase price and remit this amount to the IRS.

A repurchase of the Fund's Shares that is not treated as a sale or exchange will be taxed in the same manner as regular distributions under the rules described above. See "*Redemption of Shares*" for a discussion of when a redemption will be treated as a sale or exchange and related matters. A repurchase of the Fund's Shares generally will be subject to tax under FIRPTA to the extent the distribution in the repurchase is attributable to gains from the Fund's dispositions of U.S. real property interests. The IRS has released an official notice stating that repurchase payments may be attributable to gains from dispositions of U.S. real property interests (except when the 10% publicly traded exception would apply) but has not provided any guidance to determine when and what portion of a repurchase is a distribution that is attributable to gains from the Fund's dispositions of U.S. real property interests. Due to the uncertainty, the Fund may withhold at the highest rate of U.S. federal income tax applicable to each non-U.S. shareholder, based on the status of such shareholder, from all or a portion of repurchase payments to non-U.S. shareholders other than qualified shareholders or qualified foreign pension funds. To the extent the amount of tax the Fund withholds exceeds the amount of a non-U.S. shareholder's U.S. federal income tax liability, the non-U.S. shareholder may file a U.S. federal income tax return and claim a refund. Further, legislative proposals to tax or otherwise restrict corporate stock repurchases have been proposed, but the outlook for possible applicability to the Fund of any such proposals is uncertain at this time.

If a non-U.S. shareholder is subject to taxation under FIRPTA on proceeds from the sale of the Fund's Shares or on distributions the Fund makes, the non-U.S. shareholder will be required to file a U.S. federal income tax return. Prospective non-U.S. shareholders are urged to consult their tax advisors to determine the impact of U.S. federal, state, local and foreign income tax laws on their ownership of the Fund's Shares, including any reporting requirements.

Additional Withholding Requirements

Under Sections 1471 through 1474 of the Code (such Sections commonly referred to as "FATCA"), a 30% U.S. federal withholding tax may apply to any ordinary dividends and other distributions that the Fund pays to (i) a "foreign financial institution" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner that avoids withholding, or (ii) a "non-financial foreign entity" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information regarding certain substantial U.S. beneficial owners of such entity (if any). If a dividend payment is both subject to withholding under FATCA and subject to withholding tax discussed above, the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. Non-U.S. shareholders should consult their tax advisors to determine the applicability of this legislation in light of their individual circumstances.

Other Tax Consequences

State or local taxation may apply to the Fund and its shareholders in various state or local jurisdictions, including those in which the Fund or its shareholders transact business or reside. The state and local tax treatment of the Fund and its shareholders may not conform to the U.S. federal income tax consequences discussed above. Consequently, prospective shareholders should consult their own tax advisors regarding the effect of state and local tax laws on an investment in the Fund.

CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES

A "principal shareholder" is any person who owns of record or beneficially 5% or more of any class of the Fund. To the best knowledge of the Fund, the names and addresses of the record and beneficial holders of 5% or more of the outstanding Class A, Class I and Class Y shares of the Fund's voting securities and the percentage of the outstanding Class A, Class I and Class Y shares held by such holders as of September 30, 2026, are set forth below. Unless otherwise indicated below, the Fund has no knowledge as to whether all or any portion of the shares owned of record are also owned beneficially. As of September 30, 2026, the Trustees and officers of the Trust as a group beneficially owned less than 1% of the outstanding shares of each Class.

Class A

Name and Address	% Ownership	Type of Ownership
Accordant Investments LLC 6710 E. Camelback Road, Suite 100 Scottsdale, AZ 85251-2031	100.00%	Record

Class I

Name and Address	% Ownership	Type of Ownership
Charles Schwab & Co., Inc. Attn: Mutual Funds SF215FMT-05 211 Main Street San Francisco, CA 94105	25.67%	Record
National Financial Services LLC 82 Devonshire Street Mail Zone ZE7F Boston, MA 02109	62.00%	Record
Fifth Third Bank, N.A. 38 Fountain Square Plaza Cincinnati, OH 45202	7.95%	Record

Class Y

Name and Address	% Ownership	Type of Ownership
Teacher Retirement System of Texas 1900 Aldrich Street Austin, TX 78723-3593	99.17%	Record

A "control person" is one who owns beneficially or through controlled companies more than 25% of the voting securities of the Fund. As of September 30, 2026, Teacher Retirement System of Texas owned approximately 60.69% of the voting securities of the Fund and could be deemed to be a "control person" of the Fund for purposes of the 1940 Act.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

An independent registered public accounting firm for the Fund performs an annual audit of the Fund’s financial statements. The Board has selected Cohen & Company, Ltd. as the independent registered public accounting firm for the Fund. Cohen & Company, Ltd.’s principal business address is located at 1350 Euclid Ave., Suite 800, Cleveland, OH 44115.

CUSTODIAN AND TRANSFER AGENT

UMB Bank, N.A. (the "Custodian") serves as the custodian of the Fund's assets and may maintain custody of the Fund's assets with domestic and foreign sub-custodians (which may be banks, trust companies, securities depositories and clearing agencies) approved by the Trustees. Assets of the Fund are not held by the Advisers or commingled with the assets of other accounts other than to the extent that securities are held in the name of a custodian in a securities depository, clearing agency or omnibus customer account of such custodian. The Custodian's principal business address is 928 Grand Blvd., 5th Floor, Kansas City, Missouri 64106. SS&C GIDS, Inc., located at 1055 Broadway, 7th Floor, Kansas City, MO 64105, serves as the Fund's transfer agent and dividend paying agent with respect to the Shares.

ADDITIONAL INFORMATION

The Fund's prospectus and this Statement of Additional Information do not contain all of the information set forth in the Fund's registration statement on Form N-2 (the "Registration Statement"), including any exhibits and schedules thereto. For further information with respect to the Fund and the Shares offered hereby, reference is made to the Fund's Registration Statement. Statements contained in the Fund's prospectus and this Statement of Additional Information as to the contents of any contract or other document referred to are not necessarily complete and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. Copies of the Registration Statement may be inspected without charge at the SEC's principal office in Washington, D.C., and copies of all or any part thereof may be obtained from the SEC upon the payment of certain fees prescribed by the SEC or on the SEC's website at http://www.sec.gov.

AUDITED FINANCIAL STATEMENTS

The audited financial statements and related report of Cohen & Company, Ltd., independent registered public accounting firm, are herein incorporated by reference from the Fund's annual report for the fiscal year ended June 30, 2026. The Fund's annual report is available upon request, without charge, by calling the Fund toll free at 888-778-7781 or by visiting the Fund's website www.accordantinvestments.com.

APPENDIX A
DESCRIPTION OF S&P, MOODY'S AND FITCH RATINGS

Moody's Investors Service Inc.—A brief description of the applicable Moody's Investors Service, Inc. (Moody's) rating symbols and their meanings (as published by Moody's) follows:

1. Long-Term Obligation Ratings

Moody's long-term obligation ratings are opinions of the relative credit risk of financial obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings use Moody's Global Scale and reflect both the likelihood of default and any financial loss suffered in the event of default.

Moody's Long-Term Rating Definitions:

Aaa: Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.

Aa: Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A: Obligations rated A are considered upper-medium grade and are subject to low credit risk.

Baa: Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.

Ba: Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.

B: Obligations rated B are considered speculative and are subject to high credit risk

Caa: Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.

Ca: Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C: Obligations rated C are the lowest rated class and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Short-Term Debt Ratings

There are three rating categories for short-term municipal obligations that are considered investment grade. These ratings are designated as Municipal Investment Grade ("MIG") and are divided into three levels—MIG 1 through MIG 3. In addition, those short-term obligations that are of speculative quality are designated SG, or speculative grade. MIG ratings expire at the maturity of the obligation.

MIG 1. This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.

MIG 2. This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.

MIG 3. This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.

SG. This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.

Demand Obligation Ratings

In the case of variable rate demand obligations ("VRDOs"), a two-component rating is assigned; a long- or short-term debt rating and a demand obligation rating. The first element represents Moody's evaluation of the degree of risk associated with scheduled principal and interest payments. The second element represents Moody's evaluation of the degree of risk associated with the ability to receive purchase price upon demand ("demand feature"), using a variation of the MIG rating scale, the Variable Municipal Investment Grade or VMIG rating.

When either the long- or short-term aspect of a VRDO is not rated, that piece is designated NR, e.g., Aaa/NR or NR/VMIG 1.

VMIG rating expirations are a function of each issue's specific structural or credit features.

VMIG 1. This designation denotes superior credit quality. Excellent protection is afforded by the superior short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

VMIG 2. This designation denotes strong credit quality. Good protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

VMIG 3. This designation denotes acceptable credit quality. Adequate protection is afforded by the satisfactory short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

SG. This designation denotes speculative-grade credit quality. Demand features rated in this category may be supported by a liquidity provider that does not have an investment grade short-term rating or may lack the structural and/or legal protections necessary to ensure the timely payment of purchase price upon demand.

2. Short-Term Ratings

Moody's short-term ratings are opinions of the ability of issuers to honor short-term financial obligations. Ratings may be assigned to issuers, short-term programs or to individual short-term debt instruments. Such obligations generally have an original maturity not exceeding 13 months, unless explicitly noted.

Moody's employs the following designations to indicate the relative repayment ability of rated issuers:

P-1 Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2 Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

P-3 Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

NP Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

NOTE: Canadian issuers rated P-1 or P-2 have their short-term ratings enhanced by the senior-most long-term rating of the issuer, its guarantor or support-provider.

Standard & Poor's

A brief description of the applicable Standard & Poor's (S&P) rating symbols and their meanings (as published by S&P) follows:

Issue Credit Rating Definitions

A Standard & Poor's issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program (including ratings on medium-term note programs and commercial paper programs). It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion reflects Standard & Poor's view of the obligor's capacity and willingness to meet its financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default.

Issue credit ratings can be either long term or short-term. Short-term ratings are generally assigned to those obligations considered short-term in the relevant market. In the U.S., for example, that means obligations with an original maturity of no more than 365 days, including commercial paper. Short-term ratings are also used to indicate the creditworthiness of an obligor with respect to put features on long-term obligations. The result is a dual rating, in which the short-term rating addresses the put feature, in addition to the usual long-term rating. Medium-term notes are assigned long-term ratings.

Long-Term Issue Credit Ratings

Issue credit ratings are based, in varying degrees, on the following considerations:

- Likelihood of payment-capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation;
- Nature of and provisions of the obligation;
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

Issue ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above. (Such differentiation may apply when an entity has both senior and subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.)

AAA: An obligation rated 'AAA' has the highest rating assigned by S&P. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA: An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A: An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB: An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

BB, B, CCC, CC and C: Obligations rated 'BB,' 'B,' 'CCC,' 'CC,' and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB: An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B: An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB,' but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

CCC: An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC: An obligation rated 'CC' is currently highly vulnerable to nonpayment.

C: A 'C' rating is assigned to obligations that are currently highly vulnerable to nonpayment, obligations that have payment arrearages allowed by the terms of the documents, or obligations of an issuer that is the subject of a bankruptcy petition or similar action which have not experienced a payment default. Among others, the 'C' rating may be assigned to subordinated debt, preferred stock or other obligations on which cash payments have been suspended in accordance with the instrument's terms or when preferred stock is the subject of a distressed exchange offer, whereby some or all of the issue is either repurchased for an amount of cash or replaced by other instruments having a total value that is less than par.

D: An obligation rated 'D' is in payment default. The 'D' rating category is used when payments on an obligation, including a regulatory capital instrument, are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action if payments on an obligation are jeopardized. An obligation's rating is lowered to 'D' upon completion of a distressed exchange offer, whereby some or all of the issue is either repurchased for an amount of cash or replaced by other instruments having a total value that is less than par.

Plus (+) or minus (-): The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

N.R.: This indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that Standard & Poor's does not rate a particular obligation as a matter of policy.

Short-Term Issue Credit Ratings

A-1: A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-2: A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

A-3: A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

B: A short-term obligation rated 'B' is regarded as having significant speculative characteristics. Ratings of 'B-1,' 'B-2,' and 'B-3' may be assigned to indicate finer distinctions within the 'B' category. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B-1: A short-term obligation rated 'B-1' is regarded as having significant speculative characteristics, but the obligor has a relatively stronger capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

B-2: A short-term obligation rated 'B-2' is regarded as having significant speculative characteristics, and the obligor has an average speculative-grade capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

B-3: A short-term obligation rated 'B-3' is regarded as having significant speculative characteristics, and the obligor has a relatively weaker capacity to meets its financial commitments over the short-term compared to other speculative-grade obligors.

C: A short-term obligation rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

D: A short-term obligation rated 'D' is in payment default. The 'D' rating category is used when payments on an obligation, including a regulatory capital instrument, are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.