



February 28, 2012

Form ADV Part 2A

Item 1: Cover Page

Part A:

This brochure provides information about the qualifications and business practices of American Realty Advisors ("American"). If you have any questions about the contents of this brochure, please contact us at (818) 545-1152 or butterfield@americanreal.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

Part B:

Registration with the SEC does not imply a certain level of skill or training.



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Item 2: MATERIAL CHANGES

There have been no material changes made to the March 16, 2011 version of American's ADV Part 2A Brochure ("Brochure").

Item 3: TABLE OF CONTENTS

| | |
|--|-----------|
| Item 1: Cover Page | 1 |
| Part A:..... | 1 |
| Part B: | 1 |
| Item 2: MATERIAL CHANGES | 2 |
| Item 4: ADVISORY BUSINESS | 6 |
| Part A – Advisory Business..... | 6 |
| <i>Description of Firm</i> | <i>6</i> |
| <i>Time in Business</i> | <i>6</i> |
| <i>Principal Owner</i> | <i>6</i> |
| Part B - Advisory Services | 6 |
| <i>Pooled Investment Vehicles</i> | <i>6</i> |
| <i>Separate Accounts</i> | <i>6</i> |
| <i>Short-Term Investments</i> | <i>7</i> |
| <i>QPAM / Consulting Services</i> | <i>7</i> |
| <i>Takeover Services</i> | <i>7</i> |
| <i>Development Services</i> | <i>7</i> |
| Part C - Tailored Advisory Services | 7 |
| Part D - Wrap Fee Programs | 8 |
| Part E – Clients’ Assets Managed on a Discretionary Basis | 8 |
| Item 5: FEES AND COMPENSATION | 8 |
| Part A - Compensation Method; Fee Schedule; Negotiability..... | 8 |
| <i>Fees – Separate Accounts</i> | <i>8</i> |
| <i>Fees – Pooled Investment Vehicles</i> | <i>9</i> |
| <i>Other Fees</i> | <i>9</i> |
| Part B - Method of Payment..... | 9 |
| Part C – Other Types of Fees or Expenses..... | 10 |
| Part D – Pre-Paid Fees | 10 |
| Part E – Compensation for the Sale of Securities | 10 |
| Item 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT | 10 |
| <i>Side-by-Side Management.....</i> | <i>11</i> |
| Item 7: TYPES OF CLIENTS..... | 11 |
| Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS | 11 |
| Part A – Methods of Analysis; Investment Strategies | 11 |
| Part B – Material Risks of the Investment Strategies Utilized by American | 12 |
| <i>Management-Related Risks</i> | <i>13</i> |
| <i>Market-Related Risks</i> | <i>13</i> |
| <i>Property-Related Risks</i> | <i>13</i> |
| <i>Capital Market-Related Risks</i> | <i>13</i> |

| | |
|--|-----------|
| Part C - Material Risks of Investing in Real Estate and Pooled Investment Vehicles..... | 13 |
| <i>Real Estate Investments May Not Generate Sufficient Income to Pay Expenses Related to the Investment.....</i> | <i>13</i> |
| <i>Real Estate Investments Lack Liquidity and the Timing of Sale May be Affected by Factors outside of American's Control.....</i> | <i>14</i> |
| <i>Real Estate Values May be Influenced by General Economic Conditions</i> | <i>14</i> |
| <i>Real Estate Values are Subject to Various Other Factors Outside American's Control</i> | <i>14</i> |
| <i>Risks Associated with Acquisition of Real Estate</i> | <i>14</i> |
| <i>Risks Associated with Development and Repositioning Activities.....</i> | <i>14</i> |
| <i>Cash Flow and Return on Investment are Subject to Risks Related to Tenant Defaults or a Lack of Acceptable Tenants</i> | <i>15</i> |
| <i>Commercial Mortgage Loans May Not be Available on Acceptable Terms</i> | <i>15</i> |
| <i>Subordinated and Mezzanine Debt Investments Involve Additional Risks Due to Lack of Control Over the Underlying Investment.....</i> | <i>16</i> |
| <i>The Foreclosure Process Associated with Nonperforming Loans May be Lengthy and Expensive</i> | <i>16</i> |
| <i>Investment Returns on Short-Term Investments May Be Less than Real Estate Returns</i> | <i>16</i> |
| <i>Illiquidity of Real Estate Investments.....</i> | <i>16</i> |
| <i>Insurance Coverage May Not Cover All Losses</i> | <i>16</i> |
| <i>Potential Environmental Liability</i> | <i>17</i> |
| <i>Possibility of Future Terrorist Activity</i> | <i>17</i> |
| <i>Risks Related to Investments in Pooled Investment Vehicles.....</i> | <i>17</i> |
| Item 9: DISCIPLINARY INFORMATION | 17 |
| Part A – Criminal or Civil Actions..... | 17 |
| Part B – Administrative Proceedings..... | 18 |
| Part C – Self-Regulatory Organization | 18 |
| Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS..... | 18 |
| Part A – Registration as a Broker-Dealer; Registered Representatives | 18 |
| Part B – Registration as a Futures Commission Merchant, Etc. | 18 |
| Part C – Material Relationships..... | 18 |
| Part D – Other Investments | 19 |
| Item 11: CODE OF ETHICS; PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING..... | 19 |
| Part A – Code of Ethics | 19 |
| Part B – Recommendations Regarding Securities..... | 19 |
| Part C – Co-Investment | 19 |
| Part D – Trading | 20 |
| Item 12: BROKERAGE PRACTICES | 20 |
| Part A.1 – Factors Considered in Selecting Broker-Dealers – Research and Other Soft-Dollar Benefits | 20 |
| Part A.2 – Brokerage for Client Referrals..... | 20 |
| Part A.3 – Directed Brokerage..... | 20 |
| Part B – Aggregation of Trades | 21 |
| Item 13: REVIEW OF ACCOUNTS..... | 21 |
| Part A – Periodic Review of Client Account | 21 |
| Part B – Special Client Account Reviews | 21 |
| Part C – Client Reports | 21 |

Item 14: CLIENT REFERRALS AND OTHER COMPENSATION..... 22

 Part A – Economic Benefits Provided to American 22

 Part B – Compensation of Others for Referrals..... 22

Item 15: CUSTODY 22

Item 16: INVESTMENT DISCRETION 22

Item 17: VOTING CLIENT SECURITIES 23

 Part A – Authority to Vote Client Securities 23

 Part B – Lack of Authority to Vote Client Securities 23

Item 18: FINANCIAL INFORMATION..... 23

 Part A – Prepayment of Fees..... 23

 Part B – Financial Condition 23

 Part C – Bankruptcy..... 23

Item 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS..... 23

Item 4: ADVISORY BUSINESS**Part A – Advisory Business***Description of Firm*

American is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Act”). American is an investment advisory firm that serves as a real estate investment manager. American’s clients are primarily institutional clients such as pension plans, trusts, endowments, foundations, and similar entities. Clients invest either in “separate accounts” or “pooled investment vehicles” also referred to as “commingled funds”, as described in Item 4, Part B below. The pooled investment vehicles sponsored by American are also viewed as clients of American.

Time in Business

American initially registered with the SEC on November 15, 1990 and has been in business since 1988.

Principal Owner

American’s senior investment professionals have always held 100% of American’s common stock. The Iezman Family Trust currently owns 100% of the firm’s common stock. Under the terms of the Iezman Family Trust agreement, Stanley L. Iezman, the firm’s Chairman and Chief Executive Officer, has exclusive voting control over American’s common stock. There are several key employees who share in the profits of American. This profit-sharing arrangement, although non-voting, is similar to having an economic ownership interest in the firm by providing key employees additional incentives to ensure the success of the firm and to align their interests to the goals of the clients.

Part B - Advisory Services

American provides a variety of investment advisory services. However, American’s investment advice is limited to real estate related matters and investments. American invests in real estate and real estate related investments on behalf of its clients and provides advice regarding real estate investments. American generally limits the real estate investments it makes on behalf of its clients to commercial and multi-family properties. American also makes loans, or enters into structured finance transactions secured, directly or indirectly, by real estate, on behalf of the firm’s clients. The various services American provides to its clients, including its Qualified Professional Asset Manager (“QPAM”) services and “takeover assignments,” are defined and described in more detail below.

Pooled Investment Vehicles

American provides advisory services to pooled investment vehicles sponsored by American. A pooled investment vehicle is an investment vehicle in which multiple investors invest. American, or an affiliate of American, serves as the manager or general partner for several pooled investment vehicles. The investors in these vehicles hold an ownership interest in the vehicle and do not directly own real estate. Currently, two of these pooled investment vehicles are closed-end and two are open-ended, although additional pooled investment vehicles may be sponsored by American in the future. A closed-end investment vehicle is one that has a fixed term after which the pooled investment vehicle liquidates its assets. Investors who invest in a closed-end pooled investment vehicle are generally obligated, by the terms of the governing agreements for the closed-end vehicle, to remain invested until the end of the term, although subject to prior approval may be allowed to assign their interests to others. An open-end vehicle has an indefinite life and investors are allowed to invest and/or redeem their investment in the pooled investment vehicle each quarter, subject to the terms of the operating agreements for the open-end vehicles.

Separate Accounts

Other clients invest in real estate through American by establishing a separate account. American provides these clients with advisory services related to real estate related investments that are made exclusively for the benefit of that client.

Short-Term Investments

American also manages cash generated from such real estate investments and makes short-term investments ("Short-Term Investments") for certain of its clients related to their real estate investments with American. Such Short-Term Investments may include:

- commercial paper;
- certificates of deposit; or
- U.S. Government securities.

American may establish a discretionary account with a bank, a broker-dealer or an investment adviser to allow them to make such Short-Term Investments. Such Short-Term Investments are generally made with capital awaiting investment in real estate, undistributed operating cash flow, or proceeds from the sale of real estate or other investments. Short-Term Investments are intended to be temporary, pending distribution of such funds to the client or reinvestment of such funds in new real estate related investments.

QPAM / Consulting Services

In addition to American's primary business of investing in real estate, American serves on a regular basis as a consultant to various pension plans and as a QPAM under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), with regard to various matters in which the services of a QPAM are required. Such services include:

- reviewing and advising on the client's proposed real estate transactions;
- evaluating and advising on conflicts of interest in real estate related transactions;
- providing oversight of the development of real estate construction projects;
- conducting due diligence for potential real estate investments;
- providing analysis of various strategic decisions associated with leases, investments, development, dispositions and evaluation of investment decisions; and
- evaluating investments which have been completed to determine whether they meet various industry and fiduciary standards.

Takeover Services

American also provides services as an advisor to separate account and pooled investment vehicle clients who have invested in real estate with another investment manager and who wish to engage American to take over the management of the account or the pooled investment vehicle. These takeover services involve analyzing the assets in the takeover account and addressing historical issues with the assets and developing operating plans for the assets.

Development Services

American also provides services related to the oversight of the development of real estate assets.

Part C - Tailored Advisory Services

Advisory services are designed to satisfy the individual needs of each of American's separate account clients as outlined in the investment management agreement negotiated with the client. Typically, American's clients grant American discretionary authority to select the real estate investments to be made on behalf of such clients. American generally also has discretion to determine when to sell such real estate investments. However, certain clients may impose restrictions in the investment management agreement, in investment guidelines, or in an investment policy statement preventing American from investing in specific types of investments.

American provides advisory services to the pooled investment vehicles it sponsors tailored to the specific goals, objectives and operating guidelines of each vehicle. For example, American's services are tailored to accommodate the objective of avoiding

unrelated business taxable income, or of investing in a diversified portfolio of real estate, both geographically and by property type.

Part D - Wrap Fee Programs

Not applicable. American does not participate in wrap fee programs.

Part E – Clients’ Assets Managed on a Discretionary Basis

The amount of client assets American managed on a discretionary basis, calculated based on the gross asset value of such assets, as of December 31, 2011 was \$4,249,546,877. The amount of client assets American managed on a discretionary basis, calculated based on the net asset value of such assets, as of December 31, 2011, was \$3,264,363,193.

The amount of client assets American managed on a non-discretionary basis, calculated based on the gross asset value of such assets, as of December 31, 2011 was \$276,421,985. The amount of client assets American managed on a non-discretionary basis, calculated based on the net asset value of such assets, as of December 31, 2011, was \$266,717,304.

American is deemed to manage client assets on a “discretionary” basis when its clients have given American the discretion to determine the real estate investments to make and when to buy and sell those investments. However, even in these instances, American’s discretion is subject to limitations and restrictions as outlined by the client in the investment management agreement, in investment guidelines, or in an investment policy statement.

The amount of client assets American managed shown in this brochure differs from the amount of regulatory assets under management reported in American’s ADV Part 1 due to the fact that regulatory assets under management, as required to be calculated by the instructions to ADV Part 1, relate to securities portfolios for which an advisor provides continuous and regular supervisory or management services. Thus, the real estate assets held in the separate accounts management by American are excluded from the regulatory assets under management reported in the ADV Part 1. Since the instructions to the ADV Part 1 do provide that all of the assets of a “private fund”, as defined by the instructions, are to be treated as a securities portfolio, and three of American’s commingled funds fall within the definition of a private fund, the assets of those commingled funds and certain uncalled capital commitments with respect to one open-end commingled fund are reported in the ADV Part 1 as regulatory assets under management. Thus, the assets of American’s largest commingled fund and its separate accounts are included in the amounts reported in this brochure but not in American’s regulatory assets under management.

Item 5: FEES AND COMPENSATION

Part A - Compensation Method; Fee Schedule; Negotiability

Fees – Separate Accounts

Annual fees for activities undertaken on behalf of separate account clients typically range from 0.45% - 2.00% of the value of the assets under management depending on the nature of the separate account mandate. Asset management fees are typically based on some or all of the following criteria:

- the original acquisition cost;
- the current net or gross market value of the assets;
- the balance of any outstanding loan investment; or
- the net operating income generated from the assets.

On occasion, the asset management fee charged by American may be a negotiated fixed amount.

Asset management fees for separate account clients are typically paid either on a monthly or a quarterly basis. Frequency of payment and amount of the fees are as agreed upon between American and the individual client. Clients are generally

provided with an invoice for fees. Fees are not deducted from the assets held in the separate account unless the investment management agreement with the client provides American with this authority.

In addition to the asset management fee, other fees, such as takeover, due diligence, real estate acquisition, incentive, workout, loan, or disposition fees, are paid on a negotiated basis with respect to American's separate account clients.

Fees – Pooled Investment Vehicles

American receives an asset management fee with respect to each investor's investment in the pooled investment vehicles it sponsors. American deducts the asset management fees from the distributions the pooled investment vehicles make to investors in the case of its open-end pooled investment vehicles. American deducts the asset management fees from the investors' accounts in the closed-end pooled investment vehicles.

Asset management fees are paid quarterly, in arrears. If an open-end pooled investment vehicle does not declare a distribution for a particular quarter, the asset management fees due to American would accrue and be paid out of the next available distribution.

The governing documents of the pooled investment vehicles specify the fee schedule for the payment of any other fees to American by the investors in such vehicles. They also specify the timing of the payment of such fees to American. For example, the amount of the asset management fee paid to American by investors in one of the pooled investment vehicles sponsored by American is linked to the size of the investor's total investment commitment. In another of the pooled investment vehicles sponsored by American, the governing documents establish a tiered fee structure linked to the net asset value of the investor's investment.

No asset management fee is charged on commitments made by an investor that have not yet been contributed to the pooled investment vehicle.

In addition to the asset management fee, the governing documents for certain of the pooled investment vehicles include provisions for other fees such as:

- a cash management fee;
- an acquisition fee; and
- a performance-based fee

Fees paid by investors in the pooled investment vehicles sponsored by American have historically not been negotiable.

Other Fees

Hourly fees are charged for certain services provided to QPAM clients at rates ranging from \$250 to \$1,500 per hour, depending on the nature of the work, as may be negotiated by the client.

Part B - Method of Payment

Separate account clients may select whether they prefer to be billed for their fees or to have the fees deducted from their account. However, American typically bills its separate account clients for the fees incurred. This occurs on a quarterly basis unless American and the client negotiate other payment terms.

American deducts fees from distributions to investors who have invested in its open-end pooled investment vehicles. In the case of the closed-end pooled investment vehicles, American deducts its fees from the investor's investment directly. Asset management fees are paid quarterly, in arrears. Acquisition fees are paid following the closing on a new investment. Performance based fees are payable in accordance with the terms of the governing documents for those pooled investment vehicles that provide for such a fee.

The method for payment of American's fees is fixed by the terms of the governing documents applicable to an investment in the pooled investment vehicles. Thus, investors who invest in such investments may not select which method of payment they would prefer.

Part C – Other Types of Fees or Expenses

Except as noted in this Brochure, investors who invest in American's pooled investment vehicles are not obligated to pay other fees or expenses in connection with the advisory services American provides to the pooled investment vehicle. The pooled investment vehicles reimburse American for various expenses incurred in connection with the management of the vehicle. Such reimbursement is subject to the limitations specified in the governing agreements for such pooled investment vehicles.

The investment management agreements between American and its separate account clients specify any other fees required to be paid by the client. Generally, expenses related to the operations of the assets held by the separate account are deducted prior to distributions to the clients.

QPAM clients are sometimes obligated to pay for other expenses, such as travel expenses incurred by American personnel to visit the asset. Any obligation to reimburse American for expenses, however, would be negotiated and outlined in the independent fiduciary services agreement entered into between the QPAM client and American.

Clients and investors are not billed on a direct basis for real estate brokerage fees or other transaction costs associated with the purchase or sale of a real estate asset or the leasing of space in a real estate asset owned by a separate account client or a pooled investment vehicle. However, these expenses impact the overall performance of the investment.

Part D – Pre-Paid Fees

American's fees are generally earned when services are provided, and are generally paid in arrears after the services have been provided. On occasion, American will enter into a consulting engagement, generally with a QPAM client, and the terms of the independent fiduciary services agreement for that engagement will provide that a portion of the fee that is negotiated for the project is earned and due at the time the agreement is executed with the balance of the fee either due in stages or upon completion of the assignment. No refunds are available for any portion of the fee due upon execution of the agreement for such an engagement unless the client has negotiated such a provision in the agreement.

Part E – Compensation for the Sale of Securities

Neither American nor any of American's employees, accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The investment management agreements between certain of American's separate account clients and American provide that American is entitled to receive an incentive fee calculated as a percentage of the return on the client's investment above a certain minimum return, or based on other performance related criteria. Any such incentive fee is in addition to the asset management fee paid by the client.

The investment management agreement between American and certain of the pooled investment vehicles it sponsors provides American with the opportunity to receive a performance-based fee. Such fees are summarized in the offering documents related to such vehicles.

American's receipt of performance-based fees may incentivize American to make investments that are riskier or more speculative than it would make in the absence of performance-based fees. With respect to the pooled investment vehicles that American manages, the performance-based fee arrangements are not the product of arm's length negotiations with third parties.

All performance-based fees are calculated and paid in accordance with Section 205 and Rule 205-3 under the Act.

Side-by-Side Management

American manages accounts that are charged a fixed asset management fee as well as a performance-based or incentive fee. American also manages accounts that are only charged a fixed asset management fee. The SEC refers to this as side-by-side management.

American believes that incentive fees serve to align American's interests with those of its clients. The potential exists, however, for these incentive fees to create a conflict of interest. For example, American could be motivated to devote more resources or allocate more favorable investment opportunities to accounts offering American the potential to earn an incentive fee.

Any potential conflicts of interest that might otherwise exist due to performance-based fee accounts are mitigated by American's rigorous application of its asset management procedures. American applies a consistent approach to asset management across all assets under its management regardless of the fee structure of the account in which the asset is held. For example, American has a formal allocation policy that mitigates the risk that investment opportunities will be allocated to accounts based, even in part, on whether or not the account affords American the opportunity to earn an incentive fee. In addition, all assets under management receive the same detailed attention and management. Compliance with American's policies and procedures related to the management of the firm's assets and any potential conflicts of interest are monitored by the firm's Chief Compliance Officer, members of the firm's senior management and American's Investment Committee.

Item 7: TYPES OF CLIENTS

American serves primarily as a real estate investment manager for pension plans regulated by ERISA, and for government pension plans not subject to ERISA. In addition, American serves as an advisor to various health and welfare plans, trusts, endowments, foundations, and similar institutional entities. American may also provide advisory services to individuals should they wish to establish a real estate separate account. In addition, individuals who meet the requirements for investment in such vehicles may invest in the pooled investment vehicles sponsored by American.

American has not established a minimum account size for establishing a separate account. The minimum initial investment in the pooled investment vehicles sponsored by American ranges from \$1 million to \$2 million although American, in its sole discretion, may accept investments of less than these amounts.

Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**Part A – Methods of Analysis; Investment Strategies**

The investment criteria used by American for investing in or disposing of an individual real estate related asset, or making a loan on behalf of a client's account, is governed by the specific investment strategy adopted for each client's portfolio or the applicable pooled investment vehicle.

Investment criteria established for assets in a particular client portfolio may include:

- current and potential cash flow;
- current investment value and future appreciation potential;
- preservation of capital;
- highest and best use of a real estate asset; or
- location, with emphasis on product demand within the market or the sub-market.

American's loan underwriting or investment process begins with a market and sub-market analysis. This analysis is followed by a comprehensive review of the investment, negotiation of the terms of the transaction, due diligence regarding the investment and underwriting of the terms of the investment. During the loan underwriting or acquisition process, American may engage experts in the field of construction, leasing and property management to evaluate:

- the specific property;
- the current or potential tenants in such property; and
- the market or submarket in which the property is located.

American is active in the management of the real estate assets held in its clients' portfolios. American has a well-defined hold/sell discipline that is consistent with the investment guidelines established for each client portfolio. American seeks to identify each variable that has the potential to impact value for each of the assets held in its clients' portfolios or in the portfolios of its pooled investment vehicles. In addition, American seeks to understand all risk factors that can impact performance returns and to determine how to mitigate those risks when they are controllable.

American utilizes a team-oriented, research-focused, pro-active investment process and a clearly defined investment strategy that:

- identifies each potential asset's inherent competitive strengths and opportunity for unrealized value;
- evaluates those factors that have the most impact on value; and
- focuses on executing the acquisition/asset management/disposition process in a manner intended to maximize value.

As noted in Item 4, Part B above, American also makes Short-Term Investments. Such investments are either made directly by American or made through a bank, a broker-dealer or an investment adviser to whom American has granted discretionary investment authority, subject to certain investment guidelines.

For Short-Term Investments in U.S. Government securities that are made directly by American, American relies on its own analysis, including analysis of published information regarding the expected movement of interest rates. For short-term securities that are not obligations of the U.S. Government, American reviews rating agency analysis and other publicly available information regarding the creditworthiness of the obligor and the particular security. American reviews financial publications and broker-dealer research reports as applicable.

Investments in real estate involve economic and business risks inherent in real estate investments as described in detail in Part C below. Real estate related investments involve a risk of loss that clients and investors in pooled investment vehicles should be prepared to bear.

Part B – Material Risks of the Investment Strategies Utilized by American

American seeks to achieve client objectives through prudent investment and the application of investment guidelines to its management of client portfolios and pooled investment vehicles.

The investment strategies utilized by American pose potential risks that may include:

- impacts related to investing in particular geographic locations;
- impacts related to investing in particular property types; and
- impacts related to the exposure to industries represented by tenants in one or more properties in which such portfolios or pooled investment vehicles invest.

In addition to geographic, property sector, and economic risks, the various investment strategies used by American involve risk that can be identified as falling into four broad categories listed below. American addresses these broad risk categories as follows:

Management-Related Risks

American seeks to provide full transparency to clients and their advisors in all phases of the firm's operations. The firm has instituted a strictly enforced disclosure, ethics, and compliance program that seeks to ensure that all potential conflicts of interest are fully disclosed.

Market-Related Risks

American actively tracks and seeks to forecast real estate market conditions at the submarket level. From this data, American then identifies potential opportunities and risks related to real estate market conditions through its target market analysis.

Property-Related Risks

American has developed a systematic process for evaluating each property's characteristics including lease rollover, tenant credit and other property-specific risks. The ability to attract and retain tenants and to underwrite tenant creditworthiness accurately fluctuates depending on overall economic conditions.

Capital Market-Related Risks

American's investment strategy is focused on middle-market, institutional quality multi-tenant assets nationwide, and on properties that exhibit high quality construction and design features. At times, such assets may outperform or underperform other larger, smaller, lower-quality, or single tenant assets.

Part C - Material Risks of Investing in Real Estate and Pooled Investment Vehicles

American's business is exclusively related to real estate. The following is a summary of the specific risks involved in investing in real estate or real estate related investments or in a pooled investment vehicle, such as those sponsored by American, that invest exclusively in real estate or real estate related investments.

Real Estate Investments May Not Generate Sufficient Income to Pay Expenses Related to the Investment

A risk of investing in income-producing real estate is the possibility that the real estate will not generate income sufficient to meet operating expenses, to service any loans that are secured by the properties or to fund adequate reserves for capital expenditures. The income from such properties may be affected by many factors, including the factors listed below:

- fluctuations in occupancy levels, operating expenses and rental income (all of which in turn may be adversely affected by general and local economic conditions);
- the supply of and demand for properties of the type in which American has invested;
- compliance by tenants with the terms of their leases;
- collection difficulties;
- energy shortages;
- the enactment of unfavorable environmental, zoning or other legal restrictions or regulations;
- Federal and local rent controls; and

- changes in real property tax rates.

Real Estate Investments Lack Liquidity and the Timing of Sale May be Affected by Factors outside of American's Control

The marketability and value of real estate acquired by American for its clients depends on a number of factors beyond American's control. Market demand for the properties held on behalf of American's clients may not exist at any particular time. Investments in real estate are not as liquid as investments in publicly-traded securities. Return on investment depends on certain factors that cannot be predicted at the time of investment, that may be beyond American's control, and that may be uninsurable or not economically insurable (such as losses caused by earthquakes, floods, or terrorism).

Real Estate Values May be Influenced by General Economic Conditions

Each real estate investment made by American is exposed to the general economic conditions and the local, regional and national conditions that affect the market in which it is located. Any material oversupply of similar properties or a material reduction of demand for such properties in the market could adversely affect the investment.

Real Estate Values are Subject to Various Other Factors Outside American's Control

Real property investments are subject to varying degrees of risk. While American attempts to minimize exposure to these risks through the diversification of a client's portfolio, market research and American's investment management capabilities, these risks cannot be eliminated. The factors that can affect real estate values include:

- the attractiveness of the property to potential buyers or renters;
- competition from other available properties;
- the ability to provide adequate maintenance of, and insurance on, its properties;
- the ability to control variable operating costs; and
- governmental regulations, including zoning, usage and tax laws, and changes in or potential liability under these and other laws.

Risks Associated with Acquisition of Real Estate

The acquisition of properties involves risks, including the risk that the acquired property will not perform as anticipated and the risk that any actual costs for rehabilitation, repositioning, renovation and improvements identified in the pre-acquisition due diligence process will exceed estimates. There is, and it is expected that there will continue to be, significant competition for investment opportunities that meet the investment criteria for American's pooled investment vehicles and its clients' separate accounts. There are also risks associated with obtaining financing for acquisition activities, if necessary.

Risks Associated with Development and Repositioning Activities

On behalf of certain of its clients, American may acquire direct or indirect interests in real estate that is undeveloped or underdeveloped. To the extent American invests in such an asset, the investment will be subject to the risks normally associated with development activities. Such risks include:

- risks relating to the availability and timely receipt of zoning,
- planning consents, licensing and other regulatory approvals,
- the cost and timely completion of construction (including risks beyond the reasonable control of American, such as weather or labor conditions or material shortages), and
- the availability of both construction and permanent financing on favorable terms.

These risks could result in substantial unanticipated delays or expenses. These risks could prevent completion of the development activities. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after

the date of completion. In addition, market conditions may change during the course of development, which may make such development less attractive than at the time it was commenced.

Certain investments made by American may involve real properties under construction. The primary risks associated with new construction are cost overruns and delays. American will generally require developers to meet certain performance benchmarks with respect to construction progress, as a condition of the investment. Although such developers may be required to guarantee completion of construction and be responsible for cost overruns, delays may be beyond the control of such developers, and hence cannot always be fully mitigated. Should delays occur, the related investment may be subject to a longer holding period, possibly decreasing the return. Developer guarantees may not include all costs or may not be fulfilled by the developer.

Although American will attempt to mitigate some of the construction risk by requiring third-party surety guarantees for the completion of construction in some instances, affiliating in most instances with development companies having significant net worth and cash flow to support completion guarantees, and in many cases requiring the deferral of developer fees and a portion of construction fees, there can be no assurances that American will be successful in so doing. Any increased construction costs could materially and adversely affect the return on the investment.

Cash Flow and Return on Investment are Subject to Risks Related to Tenant Defaults or a Lack of Acceptable Tenants

Where American's investments involve rental estate, the results of operations and distributable cash flow would be adversely affected if a significant number of the tenants are unable to meet their lease obligations. In the event of default by a significant number of tenants, American may experience delays and substantial costs may be incurred in enforcing its rights as landlord. The property's performance would also be adversely affected if American is unable to lease and re-lease, on economically favorable terms, a significant amount of space in its real estate properties. The number of real estate properties involving similar types of use and/or customer base in a market or submarket could adversely affect both American's ability to lease and lease-up the property and the rental rates that can be obtained in new leases where applicable.

Commercial Mortgage Loans May Not be Available on Acceptable Terms

Commercial mortgage loans generally lack standardized terms, which may complicate their structure. Commercial properties themselves tend to be unique and are more difficult to value than single-family residential properties. Commercial mortgage loans also tend to have shorter maturities than residential mortgage loans and may not be fully amortizing, meaning that they may have a significant principal balance, or "balloon," due on maturity. The timely payment of interest and principal on a commercial mortgage loan is secured by an income producing property and, therefore, is dependent upon performance and payments by the lessees under the related leases and the successful operation of the underlying property, rather than its liquidation value. If the net operating income from the underlying property is reduced (for example, if rental or occupancy rates decline or real estate tax rates or other operating expenses increase), the borrower's ability to repay the commercial mortgage loan may be impaired.

Furthermore, the liquidation value of the property may be adversely affected by risks generally incidental to interests in real property. In addition, the borrower's ability to make payments with respect to a commercial mortgage loan depends largely on the ability of tenants to perform under their rental obligations under existing leases and the ability of the borrower to continue to lease a substantial portion of the property upon terms that do not adversely affect the property's cash flow. As the leases expire or lessees default, the demand for and supply of rental space in general, from time to time, may affect the property's occupancy rate and the rental rates obtained and concessions, if any, granted on new leases or re-leases of space, which may cause fluctuations in the cash flow from the operation of the property. Such fluctuations may affect the amount and timing of payments on the commercial mortgage loan.

Furthermore, commercial mortgage loans with balloon payments involve a greater degree of risk of payment because the ability of a borrower to make a balloon payment may depend upon its ability to either refinance the loan or to sell the related property. The ability and desire of the borrower to accomplish either of these goals will be affected by a number of factors, including the level of available mortgage rates at the time of sale or refinancing, the borrower's equity in the property, the physical and financial condition and operating history of the property, tax laws, prevailing general economic and market conditions and the availability of credit for commercial real estate projects, generally. In addition, the value of commercial

properties depends, in part, on the fitness of such properties for a particular purpose. Thus, no assurance can be given that a borrower will not default.

Subordinated and Mezzanine Debt Investments Involve Additional Risks Due to Lack of Control Over the Underlying Investment

American may make or acquire subordinated and mezzanine debt investments. To the extent American makes or acquires such investments on behalf of its clients, American does not anticipate having absolute control over the underlying collateral and will be dependent upon third-party borrowers and agents and will have rights that are subordinate to those of senior lenders. American, on behalf of its clients, may make investments in loans secured by real property. If interest rates or financial markets change, or there is an adverse development with respect to such a property, American may be unable to obtain repayment of the loan or to dispose of its client's interest at a price sufficient to recover its client's full investment. In certain circumstances, the loans made by American on behalf of certain of its clients may not be secured by a mortgage, but instead by membership interests or other collateral that may provide weaker rights than a mortgage.

In any case, in the event of default, the source of repayment will be limited to the value of the collateral and may be subordinate to other lienholders. The collateral value of the property may be less than the outstanding amount of the investment. Returns on an investment of this type depend on the borrower's ability to make required payments, and, in the event of default, the ability of the loan's servicer to foreclose and liquidate the loan.

The Foreclosure Process Associated with Nonperforming Loans May be Lengthy and Expensive

Real estate loans originated or acquired by American may be at the time of their acquisition, or may become after origination, participation or acquisition, nonperforming for a wide variety of reasons. Such nonperforming real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a reduction in the interest rate and a write down of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such real estate loan, replacement "takeout" financing will not be available. It is possible that American may find it necessary or desirable to foreclose on collateral securing one or more real estate loans originated or purchased by American on behalf of a client.

The foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states, foreclosure actions can take up to several years or more to conclude. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may disrupt ongoing leasing and management of the property.

Investment Returns on Short-Term Investments May Be Less than Real Estate Returns

American may, at times, have excess funds or funds it is holding that may be invested in Short-Term Investments pending the application thereof to real estate investments. The investment returns from these investments may be lower than the investment returns from real estate investments.

Illiquidity of Real Estate Investments

Investments in real estate are illiquid and subject to industry cycles, downturns in demand, market disruptions and the lack of available capital from potential lenders or investors (whether to finance or refinance portfolio properties or for potential purchasers of such properties). Significant expenditures associated with real estate investments, such as mortgage payments, real estate taxes and maintenance costs, generally are not reduced in the event of a reduction or interruption in income from such investments. There is no assurance that cash flow from such investments will at all times be sufficient to provide for such expenditures.

Insurance Coverage May Not Cover All Losses

American expects to maintain suitable comprehensive insurance coverage for each of its properties and business operations, in each case as appropriate for the markets in which such properties and business operations are located. The insurance coverage contains policy specifications and insured limits customarily carried for similar properties, business activities and markets. However, there are certain losses, including losses from floods, earthquakes, acts of war, or acts of terrorism and riots, that generally are not insured against or that generally are not fully insured against because it is not deemed to be economically feasible or prudent to do so. If an uninsured loss or a loss in excess of insured limits occurs with respect to one or more of the properties owned by a particular client, the client could experience a significant loss of capital invested in the properties as well as a loss of potential revenue from the properties and could potentially remain obligated under any recourse debt associated with the properties.

Potential Environmental Liability

Real property is subject to federal and state environmental laws, regulations and administrative rulings that, among other things, establish standards for the treatment, storage and disposal of solid and hazardous waste. Real property owners are subject to federal and state environmental laws that impose liability on both past and present owners and users of real property for hazardous substance remediation and removal costs, often without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such hazardous substances. Accordingly, there may be exposure to substantial risk of loss from environmental claims arising in respect of any property with undisclosed or unknown environmental problems or as to which inadequate reserves have been established. There is no assurance that such conditions do not exist or may not arise in the future, and the presence of such substances on the real estate investments made by American on behalf of its clients could adversely affect its ability to sell such investments or to borrow using such investments as collateral.

Possibility of Future Terrorist Activity

The properties in which American invests may be located in or near major metropolitan areas of the United States. Such properties, or the areas in which they are located, could be subjects of future acts of terrorism. In addition to the potential direct impact of any such future act, future terrorist attacks and the anticipation of any such attacks could have an adverse impact on the U.S. financial and insurance markets and economy, thus harming leasing demand for and the value of certain properties. It is not possible to predict the severity of the effect that such future events would have on the U.S. financial and insurance markets and economy or the properties in which American invests. These events may have a negative effect on the business and performance results of the properties in which American invests, by raising insurance premiums and deductibles and limiting available insurance coverage.

Risks Related to Investments in Pooled Investment Vehicles

Investments in pooled investment vehicles involve risks that a direct investment in real estate may not involve. For example, investors in a pooled investment vehicle are not able to make any investment or other decision on behalf of the pooled investment vehicle and have no right to take part in the management of, or otherwise control, the business of the pooled investment vehicle. In addition, if an investor in a pooled investment vehicle fails to pay installments of its capital commitment when due, and the contributions made by non-defaulting investors are inadequate to cover the defaulted capital contribution, the pooled investment vehicle may be unable to meet its obligations when due.

Item 9: DISCIPLINARY INFORMATION

Part A – Criminal or Civil Actions

Neither American nor any of the firm's management persons have been convicted of, or plead guilty or *nolo contendere* to (a) any felony, (b) misdemeanor that involved investments or an investment-related business, fraud, false statement or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion, or (c) a conspiracy to commit any of these offenses.

Neither American nor any of the firm's management persons is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses.

Neither American nor any of the firm's management persons have been found to have been involved in a violation of an investment-related statute or regulation.

Neither American nor any of the firm's management persons has been the subject of any order, judgment, decree permanently or temporarily enjoining, or otherwise limiting, American or the management person from engaging in any investment-related activity, or from violating any investment-related statute, rule or order.

Part B – Administrative Proceedings

Neither American nor any of the firm's management persons has been found to have caused an investment-related business to lose its authorization to do business; or found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority:

- denying, suspending, or revoking the authorization of American or any of the firm's management persons to act in an investment-related business;
- barring or suspending American or any of the firm's management person's association with an investment-related business;
- otherwise significantly limiting American or any of the firm's management persons' activities; or
- imposing a civil money penalty of more than \$2,500 on American or any of the firm's management persons.

Part C – Self-Regulatory Organization

American is not and has not been a member of a self-regulatory organization. None of American's management persons is now, or was previously, a member of, or subject to, discipline by a self-regulatory organization.

Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Part A – Registration as a Broker-Dealer; Registered Representatives

American is not registered, and does not have an application pending to register, as a broker-dealer. None of the members of the firm's management are registered as a broker-dealer. None of the members of the firm's management have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Part B – Registration as a Futures Commission Merchant, Etc.

American is not registered, and does not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of any such entity. None of the members of the firm's management are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor. None of the members of the firm's management are associated with any such entity.

Part C – Material Relationships

There are currently no relationships or arrangements that are material to American's advisory business or to American's clients that American or any of the members of the firm's management have with any other businesses providing services to American's clients or its pooled investment vehicles. For example, none of the property management firms, real estate brokers, accountants, appraisers or banks utilized to provide services are affiliated with American and none of American's management members have an ownership interest in any such service providers.

American has the right under the terms of many of its investment management agreements to have services required in connection with the management of the account or pooled investment vehicle performed either by American or its affiliates. In the event this should occur in the future, the party performing such services would receive compensation at rates comparable to or less than prevailing rates charged by independent third parties in the locale where the services are performed.

Part D – Other Investments

American does not recommend or select other investment advisers who would have a direct relationship with its clients. American has selected other unaffiliated investment advisers to manage Short-Term Investments made in cash equivalents. American does not receive compensation directly or indirectly from the investment advisers engaged to manage Short-Term Investments. One of these investment advisers is affiliated with a bank used by American, and used in connection with investments made by American on behalf of its clients and its pooled investment vehicles. American does not have any other business relationships with the investment advisers engaged to manage the Short-Term Investments or any business relationships with other investment advisers that could create a material conflict of interest.

Item 11: CODE OF ETHICS; PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Part A – Code of Ethics

American's Code of Business Conduct and Ethics ("Code") sets forth the standards of business conduct American expects from each of its employees. The Code requires, among other things, that all employees:

- comply with applicable federal securities laws;
- recognize their fiduciary duty to American's clients; and
- place American's clients' interests before their own in any business dealing.

A copy of American's Code will be provided free of charge to any client or prospective client who requests a copy.

Part B – Recommendations Regarding Securities

Except for its recommendation that potential investors invest in the pooled investment vehicles sponsored by American, neither American, nor any employee or affiliate of American, recommends to clients or potential clients securities in which American or an employee or affiliate has a material financial interest. American does not buy or sell Short-Term Investments for client accounts in which American or an employee or affiliate has a material financial interest. American does not acquire real estate for a client account or pooled investment vehicle in which American or an employee or affiliate has a material financial interest.

Part C – Co-Investment

American, an affiliate of American, or an employee of American, may invest in certain of the pooled investment vehicles sponsored by American along with the investors. In addition, American, an affiliate, or an employee may invest directly in the investments made by these investment vehicles. Additional pooled investment vehicles may be sponsored by American in the future that may also allow for that possibility. Although such co-investment could give rise to a conflict of interest under certain circumstances, American believes that any such employee co-investment is more likely to serve to further align the interests of American and its employees with those of American's clients and the investors in the commingled funds sponsored by American rather than create any conflict of interest. Appropriate disclosures will be made and actions taken, in the event of any co-investment to mitigate the risk that a conflict occur.

In addition, any purchase or sale of any real estate on behalf of the firm's clients or the pooled investment vehicles must be approved by American's Investment Committee in accordance with procedures designed to provide the Investment Committee members with sufficient time and information to make a fully informed decision. This requirement minimizes the risk that a decision would be made based on any criteria other than the client's best interests.

American uses a rotational system for the allocation of investments among the various separate account portfolios and pooled investment vehicles that it manages on behalf of its clients. Allocation of potential investments among client portfolios and pooled investment vehicles with similar investment strategies is based on the amount of time the client portfolio or the pooled investment vehicle has been waiting for an investment. Given this system, investments are allocated to the portfolio that has been waiting for an investment for the longest period of time. No preference is given to any client portfolio or pooled investment vehicle under any circumstance.

Potential investments are allocated to new separate accounts based on the date that the investment management agreement between the client and American was executed. Potential investments are allocated to newly-formed pooled investment vehicles sponsored by American based upon the date on which the vehicle commences operations.

For existing client portfolios or pooled investment vehicles, potential investments are allocated based on the date of their last allocation, or the date that the last investment was accepted or rejected for potential acquisition for that client portfolio or pooled investment vehicle, whichever is more recent. American maintains detailed records reflecting the basis for every allocation decision the firm makes. American will provide historical data on allocation decisions to clients whenever requested.

Part D – Trading

American does not invest in publicly traded securities on behalf of its clients other than Short-Term Investments. As a result, except potentially for Short-Term Investments, neither American nor any of its employees or affiliates could encounter a situation where American, or its employees or affiliates was considering an investment in the same securities that American had recommended to a client. Either American or its affiliates have co-invested in certain of the pooled investment vehicles sponsored by the firm in the manner specified in the governing documents of such vehicles. To the extent that any of American's employees elect to invest directly in interests in the open-end pooled investment vehicles sponsored by American, they would do so only on the same terms as any other investor. Thus, there would be no conflicts of interest created by such an investment.

Item 12: BROKERAGE PRACTICES

Part A.1 – Factors Considered in Selecting Broker-Dealers – Research and Other Soft-Dollar Benefits

American does not purchase publicly-traded securities (except for Short-Term Investments) on behalf of its clients. As a result, it does not contract with broker-dealers, except in connection with Short-Term Investments as described above, and does not engage in soft-dollar practices, client referrals, directed brokerage or trade aggregation.

American generally engages a real estate broker in connection with the disposition or leasing of a real estate asset held on behalf of its clients. American selects the brokerage company and the particular real estate broker that American believes will best represent the interests of American's clients. Factors such as the qualifications of a marketing or leasing team proposed by the broker, the team's knowledge of the market in which the asset is located, the team's track record, the likely sales price on a disposition, fees, and the proposed marketing plan are considered in the selection of the broker. Generally, a minimum of three qualified brokerage companies are considered for any leasing engagement or sale transaction; however, under certain circumstances, there may be valid reasons to limit the review to fewer than three companies. The selection of the broker and the brokerage commissions to be paid on the disposition of real estate assets are approved by American's Investment Committee before the broker is engaged.

Part A.2 – Brokerage for Client Referrals

American does not recommend broker-dealers to its clients or utilize broker-dealers in connection with the real estate transactions in which it engages on behalf of its clients.

Part A.3 – Directed Brokerage

American does not recommend, request or require that a client direct American to execute transactions through a specified broker-dealer. Nor does American permit a client to direct brokerage. Broker-dealers are not utilized by American in connection with American's advisory business. Broker-dealers may, however, be used by investment advisors engaged to invest in Short-Term Investments.

Part B – Aggregation of Trades

Not applicable. Other than minimal investment of excess cash in Short-Term Investments, American does not purchase or sell publicly-traded securities for its client's accounts.

Item 13: REVIEW OF ACCOUNTS

Part A – Periodic Review of Client Account

American's portfolio managers are responsible for periodically reviewing each separate account and pooled investment vehicle in order to evaluate and confirm compliance with the terms of the investment guidelines and investment management agreements applicable to such accounts and pooled investment vehicles. This review generally occurs quarterly. This review may occur more frequently when significant investment decisions are made related to an account or a pooled investment vehicle.

Account responsibilities are allocated based on the complexity of each of the portfolios. As a result, American has not established a limit on the number of accounts or the maximum market value for which a Portfolio Manager may be responsible.

Real estate investments held by separate accounts and pooled investment vehicles are also reviewed by American's Investment Committee, or a subcommittee thereof, on a periodic basis. For example, the Investment Committee, or a subcommittee thereof, will receive an information briefing regarding the business plan and the budget for each asset and portfolio at least on an annual basis. The financial statements of certain of the firm's separate accounts and each of the firm's pooled investment vehicles are reviewed on an annual basis by independent certified public accountants. Furthermore, real estate investments are appraised by independent real estate appraisers on a periodic basis, at least as frequently as established by the investment guidelines applicable to the client or pooled investment vehicle.

American has established a disciplined external and internal valuation and appraisal process focused on providing its clients with accurate valuations reflective of all current market and property factors. Each property held in the pooled investment vehicles is valued every quarter and is valued externally by an outside independent appraiser at least annually. With respect to separate account portfolios, the internal and external valuation frequency is dictated by the specific client's investment guidelines.

Part B – Special Client Account Reviews

In addition to the quarterly review of client accounts, American will review the condition of a particular client account when a significant investment decision is being made related to an account. For example, such a review will occur when a new real estate investment is being contemplated or an asset owned by the account is being sold. Such a review may also occur when it is time to renew or pay off any debt on an asset held by the account. Other significant events, such a natural disaster that impacts the condition of the real estate asset, may also trigger such a review.

Part C – Client Reports

American's separate account clients receive written quarterly status and activity reports, including unaudited financial statements, and a calculation of income, appreciation and total return (gross and net of fees). In addition, American participates in face-to-face meetings with its clients as requested by such clients.

Investors in the pooled investment vehicles sponsored by American receive written quarterly status and investment activity reports, including unaudited financial statements, and a calculation of income, appreciation and total returns (gross and net of

fees). In addition, such investors receive, on an annual basis, copies of the audited financial statements, and face-to-face meetings as requested by such investors.

Item 14: CLIENT REFERRALS AND OTHER COMPENSATION

Part A – Economic Benefits Provided to American

Certain third-party service providers engaged by American on behalf of its clients may elect to provide reasonable forms of entertainment, meals, and/or gifts to American or certain of its employees. Given the potential for a conflict of interest to arise in the selection of a service provider as a result of the receipt of such meals and entertainment, American has adopted a Gifts, Gratuities and Entertainment Policy which requires American's personnel to provide written notice to American's Chief Compliance Officer of any form of entertainment to which they are invited by a service provider (or potential service provider) if they intend to accept the invitation. The Gifts, Gratuities and Entertainment Policy further requires that business entertainment (including meals) involving American's personnel not be of a character or cost that would prevent the employee being entertained from making an independent business decision with regard to the services offered by the business sponsoring the entertainment, or that is not in accordance with generally accepted standards of business ethics in the institutional real estate management industry. Under the Gifts, Gratuities and Entertainment Policy, employees of American are limited to receipt of gifts and entertainment from any service provider (or from multiple employees of such service provider) in a calendar year having a value of less than \$250 per service provider and the firm as a whole is limited to receipt of gifts and entertainment from a particular service provider with an aggregate value of less than \$1,000. In practice, although modest gifts may be allowed in compliance with American's policies, vendors are generally discouraged from providing gifts or entertainment to American's employees.

Part B – Compensation of Others for Referrals

American does not currently have any relationship with any third-party firm or individual who is not an employee of American for the purpose of marketing the firm or any of its products. Neither American nor any of its employees, officers, directors or shareholder directly or indirectly compensate any person who is not an employee of American for new client referrals although limited legacy payments continue to be made to certain third parties in connection with past referrals.

Item 15: CUSTODY

American has custody of client funds, such as the funds related to the operations of the real estate under American's management, and has discretionary authority to establish bank accounts on behalf of its clients in which to deposit funds received from clients or tenants at the real estate under American's management. With the exception of the investors in the pooled investment vehicles managed by American, who receive audited annual financial statements from third-party auditors engaged by the pooled investment vehicles, clients receive account statements on a monthly basis directly from the qualified custodian bank holding such funds. Clients are encouraged to review carefully the account statements received from these custodian banks.

Item 16: INVESTMENT DISCRETION

The terms of the investment management agreements entered into between American and its separate account clients and the pooled investment vehicles typically grant American full discretion to make investments on behalf of the account subject to investment guidelines that may be established by the clients and incorporated in the agreement. As a result, subject to such guidelines and established limits, American may determine what assets to purchase, when to sell the assets and how to manage the asset, including decisions related to capital improvements and leverage on the assets.

In certain instances, American has contracted with a bank or an independent registered investment adviser to invest funds in Short-Term Investments. Each such agreement grants the bank or advisor discretionary authority over such investments subject to investment guidelines established by American. In other instances, American has placed funds directly in Short-Term Investments. Such Short-Term Investments are made pending investment of such funds in real estate or distribution to clients.

American requires that all funds be deposited in a federally insured financial institution. American periodically reviews and evaluates the status of these financial institutions to evaluate whether or not the institution continues to meet the stability requirements American has established for this purpose. For example, American requires that the funds be deposited with a nationally recognized financial institution that has been approved by American.

American retains discretion with regard to the selection of the Short Term Investments to be bought and sold, and with regard to their amounts, within the framework described above.

In selecting firms to engage and grant discretion for purposes of the investment of client funds in Short-Term Investments, American considers a firm's experience and financial condition. In determining the reasonableness of their fees, American considers the quality of their services and the level of fees of similarly qualified competing firms.

Item 17: VOTING CLIENT SECURITIES

Part A – Authority to Vote Client Securities

American does not have authority to vote client securities, as noted in Part B below.

Part B – Lack of Authority to Vote Client Securities

American does not invest in publicly-traded securities on behalf of its clients, except for certain Short-Term Investments that are cash equivalents with no voting rights. American may, on occasion, acquire certain privately-traded securities when it acquires the shares or membership interests in an entity formed to hold title to real estate, rather than making a direct investment in real estate on behalf of its clients. However, such entities are generally wholly owned by American's clients or the pooled investment vehicle managed by American and American has discretion to vote such securities. Since American does not hold any publicly-traded securities which possess voting rights on behalf of its clients, American does not have, and will not accept, authority to vote proxies related to securities held on behalf of its clients. Thus, it has not been necessary for American to establish policies related to delivery of proxies and other solicitation materials related to securities.

Item 18: FINANCIAL INFORMATION

Part A – Prepayment of Fees

In general, American does not require that its clients prepay the fees due to American. Certain clients that have engaged American for a short-term QPAM assignment may be obligated to pay a portion of the engagement fee upon execution of the QPAM agreement with the remainder due at stages during the completion of the assignment. With the exception of such QPAM engagements, American does not expect to require the prepayment of its fees at any time in the future.

Part B – Financial Condition

In most instances, American has discretionary authority over client funds. American is not currently aware of any financial condition that may impact American that is reasonably likely to impair American's continued ability to meet its contractual commitments to its clients.

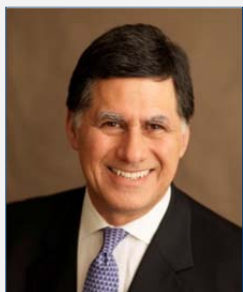
Part C – Bankruptcy

American has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

American is registered with the SEC and is not required to be registered at the State level.

ADV PART 2B - BROCHURE SUPPLEMENT



Stanley L. Iezman
*Chairman and
Chief Executive Officer*

Item 1: Cover Page

This Brochure Supplement provides information about **Stanley L. Iezman** that supplements the American Realty Advisors brochure. You should have received a copy of that brochure. Please contact **Mr. Jay Butterfield (818-409-3243 or butterfield@americanreal.com)** if you did not receive American Realty Advisors' brochure or if you have any questions about the contents of this supplement.

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Item 2: Education Background and Business Expertise**Stanley L. Iezman, *Chairman and Chief Executive Officer***

Mr. Iezman, born 1947, is responsible for the strategic planning and direction of American, an SEC registered investment adviser and a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") for institutional investors. He has directed the acquisition, structuring and management of approximately \$10 billion of real estate located throughout the United States. Mr. Iezman is a member of the firm's Investment and Management Committees. Mr. Iezman is a member of the Executive Committee of the USC Lusk Center for Real Estate and an Adjunct Professor at the University of Southern California's School of Planning, Policy, and Development where he teaches real estate asset management in the Master of Real Estate Development Program. A noted speaker in the real estate arena, he has addressed a number of industry groups, and has authored numerous articles for real estate, pension, and legal industry publications. Mr. Iezman received his B.A. from the University of California, Santa Barbara and his J.D. from the University of Southern California School of Law. He is a member of The Urban Land Institute and serves on their Industrial & Office Park Development Council; International Council of Shopping Centers; National Association of Real Estate Investment Managers; Pension Real Estate Association; International Foundation of Employee Benefit Plans; Los Angeles County Bar Association; American Bar Association. He is also a member of the USC Hillel Board of Directors and was the Chair of the New York University Real Estate Institute's Annual "Conference on Pension Fund Investment in Real Estate" for ten years.

Item 3: Disciplinary Information

There are no legal or disciplinary events to disclose concerning Mr. Iezman.

Item 4: Other Business Activities

Not applicable.

Item 5: Additional Compensation

Not applicable.

Item 6: Supervision

The firm's Board of Directors, on which Mr. Iezman currently serves, is responsible for the supervision of Mr. Iezman's activities on behalf of the firm. Mr. Darling, as the firm's President, is knowledgeable as to advice Mr. Iezman provides to the firm's clients. Investment recommendations, or significant decisions with respect to investments, require the approval of the firm's Investment Committee. The individual members of the firm's Board of Directors, and Mr. Darling, can be contacted at the phone number shown on the cover of this Brochure Supplement.

ADV PART 2B - BROCHURE SUPPLEMENT



Scott W. Darling
*President / Executive
Managing Director,
Portfolio Management*

Item 1: Cover Page

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Item 2: Education Background and Business Expertise

Scott W. Darling, *President/Executive Managing Director, Portfolio Management*

Scott Darling, born 1957, is the President of the firm and is the Executive Managing Director for the firm's Portfolio Management Team. Mr. Darling is responsible for the portfolio management of American's pension fund clients, and the implementation of their investment strategies. Mr. Darling is also a member of the firm's Investment and Management Committees. He has over 32 years of experience in the acquisition, management, and disposition of income-producing investment real estate. Prior to joining American, Mr. Darling was employed by the Resolution Trust Corporation. At RTC, he was Director of Asset Management and Sales for the California Office, where he was the senior asset officer, responsible for the management and sale of over \$60 billion in assets from failed savings and loans. Mr. Darling graduated from Florida State University with a B.S. in Real Estate and Finance, and received his J.D. from the University of Southern California.

Item 3: Disciplinary Information

There are no legal or disciplinary events to disclose concerning Mr. Darling.

Item 4: Other Business Activities

Not applicable.

Item 5: Additional Compensation

Not applicable.

Item 6: Supervision

Mr. Iezman, the firm's Chairman and Chief Executive Officer, is responsible for supervising Mr. Darling's advisory activities. Mr. Iezman is generally familiar with the advice Mr. Darling provides to the firm's clients. Investment recommendations, or significant decisions with respect to investments made by the firm on behalf of the firm's clients, require the approval of the firm's Investment Committee. Mr. Iezman can be contacted at the phone number shown on the cover of this Brochure Supplement.

ADV PART 2B - BROCHURE SUPPLEMENT



Kirk V. Helgeson

*EVP / Executive
Managing Director,
Investments*

Item 1: Cover Page

This Brochure Supplement provides information about **Kirk V. Helgeson** that supplements the American Realty Advisors brochure. You should have received a copy of that brochure. Please contact **Mr. Jay Butterfield (818-409-3243 or butterfield@americanreal.com)** if you did not receive American Realty Advisors' brochure or if you have any questions about the contents of this supplement

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Item 2: Education Background and Business Expertise**Kirk V. Helgeson, *EVP/ Executive Managing Director, Investments***

Kirk Helgeson, born 1969, is Executive Vice President of the firm and is the Executive Managing Director for the firm's Investment Group and is responsible for overseeing all acquisition/disposition activity for the firm's investment portfolios. In addition, Mr. Helgeson manages the development, implementation and oversight for American's value-added strategy, through one of its open-end pooled investment vehicles as well as through separate accounts and closed-end pooled investment vehicles. Mr. Helgeson is the Chairman of the firm's Investment Committee and a member of the Management Committee. Mr. Helgeson has over 21 years of diversified real estate experience that encompasses the sourcing, structuring and underwriting of new equity and debt investments, as well as the management of existing assets and portfolios. Prior to joining American, Mr. Helgeson worked for AFP Properties USA, Inc. as the Investment Manager. At AFP, Mr. Helgeson was responsible for all aspects of the acquisition and disposition process and asset management for a multi-class real estate portfolio in excess of \$450 million. Before AFP, Mr. Helgeson was a Senior Appraiser for Eichel Inc., where he was responsible for completing complex appraisal and consulting assignments encompassing a wide range of property types. Mr. Helgeson graduated from the University of Southern California with a B.S. in Business Administration (Real Estate Finance Emphasis). Mr. Helgeson received his M.B.A. from the University of Southern California.

Item 3: Disciplinary Information

There are no legal or disciplinary events to disclose concerning Mr. Helgeson.

Item 4: Other Business Activities

Not applicable.

Item 5: Additional Compensation

Not applicable.

Item 6: Supervision

Mr. Iezman, the firm's Chairman and Chief Executive Officer, is responsible for supervising Mr. Helgeson's advisory activities. Mr. Iezman is generally familiar with the advice Mr. Helgeson provides to the firm's clients. Investment recommendations, or significant decisions with respect to investments made by the firm on behalf of the firm's clients, require the approval of the firm's Investment Committee. Mr. Iezman can be contacted at the phone number shown on the cover of this Brochure Supplement.

ADV PART 2B - BROCHURE SUPPLEMENT



Jay Butterfield
*Managing Director,
Fund/Separate Account
Operations*

Item 1: Cover Page

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Item 2: Education Background and Business Expertise**Jay Butterfield, *Managing Director, Fund/Separate Account Operations***

Jay Butterfield, born 1954, is the Managing Director responsible for overseeing the Fund level operations of American's pooled investment vehicles and separate accounts and for directing marketing and client service functions for American's real estate products and services to the institutional investment community. Mr. Butterfield is also a member of the firm's Management Committee. He has over 32 years of experience in working with pension plan sponsors in helping them to meet their investment needs. Prior to joining American, Mr. Butterfield was Vice-President with Prudential Investments, where he represented the firm's multi-asset investment capabilities to Taft-Hartley plans, public employee retirement systems and corporate plan sponsors in the Western United States and Canada. Mr. Butterfield graduated from the University of California, Berkeley with a B.A. in Economics and received his M.A. in Economics from the University of California, Los Angeles.

Item 3: Disciplinary Information

There are no legal or disciplinary events to disclose concerning Mr. Butterfield.

Item 4: Other Business Activities

Not applicable.

Item 5: Additional Compensation

Not applicable.

Item 6: Supervision

Mr. Iezman, the firm's Chairman and Chief Executive Officer, is responsible for supervising Mr. Butterfield's advisory activities. Mr. Iezman is generally familiar with the advice Mr. Butterfield provides to the firm's clients. Investment recommendations, or significant decisions with respect to investments made by the firm on behalf of the firm's clients, require the approval of the firm's Investment Committee. Mr. Iezman can be contacted at the phone number shown on the cover of this Brochure Supplement.

ADV PART 2B - BROCHURE SUPPLEMENT



Paul Vacheron
*Managing Director,
Asset Management*

Item 1: Cover Page

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Item 2: Education Background and Business Expertise**Paul Vacheron, *Managing Director, Asset Management***

Paul Vacheron, born 1960, is the Managing Director for the firm's Asset Management Team. Mr. Vacheron is responsible for directing all aspects of the organization's nationwide asset management operations. Within this capacity, Mr. Vacheron is actively involved with the management, leasing, financing, and disposition of assets within the firm's real estate investment portfolio. Mr. Vacheron is also a member of the firm's Investment and Management Committees. Prior to joining American, Mr. Vacheron held the position of Senior Vice President - Asset and Portfolio Management for PM Realty Advisors, where he served as Co-Head of Asset Management for the company's national real estate investment portfolio, as well as Portfolio Manager for several pension fund separate accounts. Previously, he held the position of Senior Vice President - Asset and Portfolio Management for KBS Realty Advisors, where he served as Portfolio Manager for both pooled investment vehicles and separate accounts, as well as handling asset management responsibilities within that company's real estate investment portfolio. Mr. Vacheron graduated from the University of California, Berkeley with a B.S. in Accounting and Finance, an M.B.A. from the University of California, Los Angeles. Mr. Vacheron is a Certified Public Accountant in the state of California.

Item 3: Disciplinary Information

There are no legal or disciplinary events to disclose concerning Mr. Vacheron.

Item 4: Other Business Activities

Not applicable.

Item 5: Additional Compensation

Not applicable.

Item 6: Supervision

Mr. Iezman, the firm's Chairman and Chief Executive Officer, and Mr. Darling, the firm's President, are primarily responsible for supervising Mr. Vacheron's advisory activities. Both Mr. Iezman and Mr. Darling are generally familiar with the advice Mr. Vacheron provides to the firm's clients. Investment recommendations, or significant decisions with respect to investments made by the firm on behalf of the firm's clients, require the approval of the firm's Investment Committee. Both Mr. Iezman and Mr. Darling can be contacted at the phone number shown on the cover of this Brochure Supplement.

ADV PART 2B - BROCHURE SUPPLEMENT



Daniel S. Robinson
*Managing Director,
Finance / Investment
Consulting*

Item 1: Cover Page

This Brochure Supplement provides information about **Daniel S. Robinson** supplements the American Realty Advisors brochure. You should have received a copy of that brochure. Please contact **Mr. Jay Butterfield (818-409-3243 or butterfield@americanreal.com)** if you did not receive American Realty Advisors' brochure or if you have any questions about the contents of this supplement.

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Item 2: Education Background and Business Expertise

Daniel S. Robinson, *Managing Director, Finance/Investment Consulting*

Daniel Robinson, born 1962, is the Managing Director for the firm's Finance/Investment Consulting division. Mr. Robinson leads American's consulting division, which provides real estate consulting services to pension plans throughout the United States. These services include Qualified Professional Asset Manager services provided to ERISA governed pension plans. Mr. Robinson oversees the origination, underwriting, and management of American's senior mortgage investment portfolios and manages all borrowing activity for the firm. Mr. Robinson is also a member of the firm's Investment Committee. Mr. Robinson has over 27 years of experience in the real estate industry. Prior to joining American in 1993, Mr. Robinson held senior positions at American Real Estate Group and Metropolitan Life. Mr. Robinson graduated from Utah State University with a B.S. in Economics, and received his M.B.A. from Brigham Young University.

Item 3: Disciplinary Information

There are no legal or disciplinary events to disclose concerning Mr. Robinson.

Item 4: Other Business Activities

Not applicable.

Item 5: Additional Compensation

Not applicable.

Item 6: Supervision

Mr. Iezman, the firm's Chairman and Chief Executive Officer, and Mr. Darling, the firm's President, are primarily responsible for supervising Mr. Robinson's advisory activities. Both Mr. Iezman and Mr. Darling are generally familiar with the advice Mr. Robinson provides to the firm's clients. Investment recommendations, or significant decisions with respect to investments, require the approval of the firm's Investment Committee. Both Mr. Iezman and Mr. Darling can be contacted at the phone number shown on the cover of this Brochure Supplement.

ADV PART 2B - BROCHURE SUPPLEMENT



Raymond E. Kivett
*Managing Director,
Investments*

Item 1: Cover Page

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Item 2: Education Background and Business Expertise**Raymond E. Kivett, *Managing Director, Investments***

Ray Kivett, born 1963, is the Managing Director, Investments for the firm and is responsible for overseeing all acquisition activity for the firm's investment portfolios. In addition, Mr. Kivett oversees the solicitation, analysis, underwriting and negotiation of debt and equity real estate acquisitions and investments on a nationwide level. Mr. Kivett is also a member of the firm's Investment Committee. Mr. Kivett has over 25 years of experience in the commercial real estate space. Prior to joining American, Mr. Kivett served as Executive Vice-President - Chief Investment Officer of Ridge Property Trust, a subsidiary of Prudential Financial, Inc., where he oversaw the firm's acquisition activity, and under his leadership, assets experienced impressive growth, tripling in size. Prior to Ridge Property Trust, Mr. Kivett was the Vice President of Acquisitions at Prudential Real Estate Investors. Mr. Kivett graduated from the University of Iowa with a B.B.A. in Accounting and is a Certified Public Accountant.

Item 3: Disciplinary Information

There are no legal or disciplinary events to disclose concerning Mr. Kivett.

Item 4: Other Business Activities

Not applicable.

Item 5: Additional Compensation

Not applicable.

Item 6: Supervision

Mr. Helgeson, the firm's Executive Vice President, is primarily responsible for supervising Mr. Kivett's advisory activities. Mr. Helgeson are generally familiar with the advice Mr. Kivett provides to the firm's clients. Investment recommendations, or significant decisions with respect to investments by the firm on behalf of the firm's clients, require the approval of the firm's Investment Committee. Mr. Helgeson can be contacted at the phone number shown on the cover of this Brochure Supplement.

ADV PART 2B - BROCHURE SUPPLEMENT



Gregory A Blomstrand
*Managing Director,
Portfolio Management*

Item 1: Cover Page

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Item 2: Education Background and Business Expertise**Gregory A. Blomstrand, *Managing Director, Portfolio Management***

Greg Blomstrand, born 1968, is a Managing Director and part of the firm's Portfolio Management Team. Mr. Blomstrand is a member of the team responsible for overseeing the portfolio and asset management and acquisition/disposition activity for American's core open-ended fund. In addition, Mr. Blomstrand is responsible for managing one separate account relationship. Mr. Blomstrand is a member of the firm's Investment Committee. Prior to joining American, Mr. Blomstrand worked for Prentiss Properties Trust, where he was responsible for overseeing the operations for a portfolio of office, retail and industrial properties. In addition, Mr. Blomstrand was involved in the acquisition and due diligence of real estate assets purchased on behalf of Prentiss. Prior to joining Prentiss, Mr. Blomstrand was employed with The Merle D. Hall Company where he was responsible for the acquisition, leasing and management of office, retail and residential properties. Mr. Blomstrand graduated from the University of California, Los Angeles with a B.A. in History/Business.

Item 3: Disciplinary Information

There are no legal or disciplinary events to disclose concerning Mr. Blomstrand

Item 4: Other Business Activities

Not applicable.

Item 5: Additional Compensation

Not applicable.

Item 6: Supervision

Mr. Iezman, the firm's Chairman and Chief Executive Officer, and Mr. Darling, the firm's President, are primarily responsible for supervising Mr. Blomstrand's advisory activities. Both Mr. Iezman and Mr. Darling are generally familiar with the advice Mr. Blomstrand provides to the firm's clients. Investment recommendations, or significant decisions with respect to investments made by the firm on behalf of the firm's clients, require the approval of the firm's Investment Committee. Both Mr. Iezman and Mr. Darling can be contacted at the phone number shown on the cover of this Brochure Supplement.

ADV PART 2B - BROCHURE SUPPLEMENT



Lee Meniffee
*Managing Director,
Research and Strategy*

Item 1: Cover Page

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Item 2: Education Background and Business Expertise**Lee Meniffee, *Managing Director, Research and Strategy***

Lee Meniffee, born 1970, is the Managing Director for the firm's Research and Strategy Group and is responsible for leading the firm's research efforts. In addition, Mr. Meniffee is a member of the firm's Investment Committee. Mr. Meniffee has over 16 years of diversified real estate experience that encompasses the sourcing, structuring and underwriting of new equity and debt investments, as well as the management of existing assets and portfolios. Prior to joining American, Mr. Meniffee worked for CBRE Global Investors as a Senior Director in the Research Department. At CBRE Global Investors, Mr. Meniffee was responsible for establishing and overseeing the new division dedicated to global strategy and was responsible for the firm's Global House View, a summary of major global risk and return outlooks affecting real estate. Mr. Meniffee graduated from the University of California, Santa Barbara with a B.A. Mr. Meniffee received his Master of Planning, from the University of Southern California.

Item 3: Disciplinary Information

There are no legal or disciplinary events to disclose concerning Mr. Meniffee.

Item 4: Other Business Activities

Not applicable.

Item 5: Additional Compensation

Not applicable.

Item 6: Supervision

Both Mr. Iezman and Mr. Darling are generally familiar with the advice Mr. Meniffee provides to the firm's clients. Investment recommendations, or significant decisions with respect to investments made by the firm on behalf of the firm's clients, require the approval of the firm's Investment Committee. Both Mr. Iezman and Mr. Darling can be contacted at the phone number shown on the cover of this Brochure Supplement.