



## Form ADV Part 2: Firm Brochure

### Item 1: Cover Page

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*This brochure provides information about the qualifications and business practices of Amstar Advisers, LLC ("Amstar"). If you have any questions about the contents of this brochure, please contact Lee Hillard, Chief Compliance Officer, at (303) 534-6322 or at [compliance@amstar.com](mailto:compliance@amstar.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 Amstar also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Amstar is 154814.*

*Amstar is a registered investment adviser. Registration as an investment adviser does not imply any certain level of skill or training.*

## **Item 2: Material Changes**

This document differs from Amstar’s initial Form ADV Part 2A which was filed on December 22, 2010. In particular, we have included: (1) potential conflicts of interest associated with side-by-side management of performance fee accounts (see Item 6); (2) additional risk disclosures associated with real estate investing (see Item 8); (3) disclosure of our overlapping relationship with Amstar Group LLC (“Amstar Group”), a real estate management firm which is not an investment adviser, and our “Relying Advisers,” the General Partners of our commingled fund clients, which share our philosophy regarding real estate assets and our personnel and premises (see Item 10); and (4) disclosure about our asset allocation procedures (see Item 12).

### Item 3: Table of Contents

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

## **Item 4: Advisory Business**

### *Ownership*

Amstar Advisers, LLC (“Amstar,” “us,” or “we”), was organized in 2010 as a Delaware limited liability company. Amstar is primarily owned and controlled, through affiliated limited liability companies, by Gabe L. Finke, Amstar’s CEO.

### *Nature of Investments; Types of Advisory Services*

Amstar provides real estate-related investment advisory and other services through affiliated general partners to three real estate-related pooled investment vehicles managed by Amstar or its affiliates (referred to throughout this Brochure as “Funds”). Fund investors include a governmental pension plan to which we provide investment advice.

We may organize and offer a new Fund at any time. As part of our activities on behalf of the Funds, we:

- Originate, recommend, structure, and identify sources of capital;
- Monitor, evaluate, and make recommendations regarding the timing and disposition of investments; and
- Provide other related services.

Amstar specializes in the acquisition, management, development, improvement, leasing and disposition of direct real estate properties; primarily office buildings, apartments, retail centers, industrial complexes, and hotels within the major markets of the United States and select markets in Europe and Latin America. We typically pursue transactions where we or Amstar Group, our affiliate, controls the investment through whole ownership, majority joint venture interest or management control.

Our real estate investments vary in risk profile from stabilized core properties with relatively low risk to value-add or opportunistic assets that are designed to create the opportunity for delivering a higher return. The investment type and risk profile of the properties we acquire are based on the investment objectives and restrictions applicable to each Fund.

### *Assets Under Management*

As of December 31, 2011, we had \$745,199,067 in assets under management<sup>1</sup> for which we provide advice on a discretionary basis. Amstar will manage Funds’ assets on either a fully discretionary or shared discretionary basis. See Item 16 for more information on Investment Discretion.

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

The Funds are all institutional clients and, as such, Amstar is not required to publish fee schedules. Amstar may accept management responsibility for a separate account client in the future. If Amstar accepts such clients the typical fees would be a percentage of the aggregate amount of capital contributions as of the first day of each calendar quarter, without giving effect to any distributions that are

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<sup>1</sup> Calculations of assets under management may differ from those used in other Amstar documents in accordance with applicable requirements and guidelines.

invested in, committed to or reserved for investments that have not been the subject of a complete disposition prior to such first day. Fees are payable within thirty days of the beginning of each calendar quarter.

All fees are subject to negotiation and are calculated and governed by each client's agreement. Factors Amstar may consider in negotiating fees may include: the amount and complexity of services required, the type and amount of assets under management, whether we are acting in a fully discretionary or shared discretionary manner, and the extent of reporting or other administrative services required. If a separate account is initiated during a calendar quarter it will be charged a prorated fee and if terminated prior to the end of a calendar quarter it will receive a refund of any unearned fees.

At this time, each Fund client pays us both a management fee (a percentage of assets under management)] and a performance-based fee (a percentage of the net proceeds from divestment of portfolio holdings) as more fully discussed in Item 6, below. Fees charged to the Funds and their investors, including management fees, are set forth in the private offering documents of each Fund, which may include a Private Placement Memorandum ("PPM") and a Subscription Agreement. To the extent that we, our principals and employees, and their respective family and friends, are Fund investors, they may, at our discretion, pay reduced management fees or none at all. These arrangements, if any, are subject to the terms of the offering documents of the relevant Fund. Termination rights of Fund investors are set forth in the PPM of each Fund.

#### *Other Fees*

Amstar may receive breakup fees or commitment fees in connection with client investments which are applied first to reimburse Amstar or an Amstar affiliate for any operating expenses incurred in connection with such investments and the balance, if any, is applied to reduce the management fee. In addition, because we, our principals and certain employees may invest in the Funds, we participate alongside other investors in the investments of the Funds *pro rata* in accordance with our capital accounts in the Funds.

Each Fund reimburses us for certain expenses that we pay on its behalf, including legal, tax, and audit expenses, and costs related to pursuing transactions (*e.g.*, due diligence, negotiating deals, idea sourcing).

#### *Additional Expenses*

The investment strategy we employ for the Funds generally does not involve the purchase or sale of publicly offered securities, and as such, does not typically entail expenses related to brokerage commissions, although occasionally public securities are used as investments and related expenses arise. In addition, the investment strategy we employ for the Funds may involve expenses related to legal, tax, regulatory, and environmental issues, as well as the costs of other service providers and intermediaries, such as investment banks, that may be involved in the purchase or divestment of Fund portfolio holdings. Our fees are exclusive of these costs, as well as other transaction fees, custodial fees, and other related costs and expenses, all of which are incurred by the applicable Fund (either directly, or indirectly if the expenses are paid by the Fund's portfolio companies). See Item 12 for additional information regarding the factors we consider in selecting service providers for transactions, and in determining the reasonableness of their compensation.

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

As noted in Item 5 above, the fee structure of Funds managed by Amstar may include incentive-based or performance-based fees. Such fees are charged in accordance with the requirements of Section 205 and Rule 205-3 under the Investment Advisers Act of 1940, as amended (“Advisers Act”), to the extent applicable. These performance-based fees are designed to ensure an alignment of interest between Amstar and the client, and are generally paid upon asset disposition after meeting a defined target rate of return to the investors. All fees are subject to negotiation and are calculated and governed in accordance with each Fund’s PPM or each separate account client’s investment management agreement. To the extent that we, our principals and certain employees, and their respective family and friends are Fund investors, they may, at our discretion, pay reduced performance-based fees or none at all. Our receipt of performance-based fees may motivate us to make more speculative investments on behalf of a Fund or client than we would otherwise make or to favor performance-based fee clients over nonperformance-based fee clients.

At this time, all of our clients have performance fees. Moreover, because our Funds currently have different investment mandates, they should not create side-by-side account management conflicts of interest based on which pay performance-based fees and which do not. One Fund invests only in domestic multifamily and high quality office real estate in specific cities within the United States. The other two Funds, one of which is already fully invested and closed to further investment, invest only outside the United States. The open Fund is in the capital raising phase and will invest only in Western-designed, institutional quality retail properties in Turkey.

Potential conflicts are also mitigated by the fact that, thus far, at any given time, only one Fund has been in the “investment” phase. Our client accounts generally follow a cycle of 1) capital sourcing, 2) investment, and 3) disposition of portfolio holdings. Typically, we do not begin investments for a new account until existing accounts have substantially completed their investment phase. As such, we have not yet faced conflicts that would involve differing treatment of different clients. Accordingly, we do not believe that we have a financial incentive to favor any client over another. Should this issue arise as a result of obtaining additional clients, we will implement controls to ensure that clients are treated fairly.

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

Amstar may offer its investment advisory services to a broad range of clients, including commingled investment vehicles, single-investor funds (i.e., investment vehicles in which only an affiliate of Amstar and one unaffiliated third-party investor invests), and separate account clients. Certain single-investor funds sponsored by Amstar may be viewed by prospective unaffiliated third-party investors as being substantially similar to separate account arrangements to the extent that such investors may be contractually permitted to participate in management decisions and, in some cases, may cause the fund to terminate Amstar’s relationship with the fund both as its adviser and as its General Partner, either directly or through an Amstar-controlled affiliate, and assume full control over the fund’s investment portfolio. Although single investor funds do not generally provide the investor with all of the “indicia of ownership” of the fund during the life of the fund, the ability to terminate Amstar’s control of the investment vehicle provides ultimate control over the fund to the third-party investor. As such, marketing literature for certain Amstar advisory investment strategies may use the term “separately managed account” to encompass both single investor funds and classic separate accounts.

Amstar’s current client base consists of one onshore Fund and two offshore Funds. The minimum capital commitment for Fund investors other than Amstar personnel is generally \$6.5 million. However, we have the right to make exceptions at our sole discretion. We are willing to accept management responsibility for institutional investment mandates at any time, but the minimum investment size is \$100 million.

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

Amstar implements its investment strategies based solely on the individual investment goals and objectives of each client. Amstar's investment philosophy is to focus on real estate fundamentals with the goal of producing attractive risk-adjusted returns for our clients. Amstar typically targets markets with high barriers to entry in which it is more difficult or expensive for competitive supply to be developed. Emphasis is placed on markets that have broad, diverse economies and are dominated by industries with strong long-term growth prospects.

Amstar utilizes one project team for all phases of a single real estate project life cycle. The professionals that underwrite a particular investment opportunity are the same professionals that manage the asset during its hold period and execute the exit strategy. Amstar professionals may manage multiple projects on behalf of multiple clients simultaneously, and may operate in various combinations across projects. This ensures a seamless transition between acquisitions and operations and creates a unique on-going accountability for the professionals responsible for each particular investment. Each asset management team develops, refines and executes specific asset strategies in order to manage risk, maximize performance, and enhance long-term values. Amstar views all of its investments with a long-term perspective and looks for opportunities where it can add value to assets through re-leasing, repositioning, or restructuring the capitalization, development, or redevelopment of the assets.

Risk is inherent in the real estate investment management process and cannot be avoided. Such risks include, but are not limited to, real estate regulatory risk and risk of declining economic markets or business conditions. In view of the risks associated with an investment in real estate, only investors able to bear the economic risk of their investment for an indefinite period and able to afford loss of their investment should consider investing.

Some of the primary risks involved in our investment strategy include:

### **No Assurance of Investment Return; Possible Loss of Entire Investment**

Amstar cannot assure that we will be able to choose, make and realize investments in any particular property or portfolio of properties. Returns are not guaranteed and there can be no assurance that the returns will be commensurate with the risks of investing in the types of properties Amstar targets. Accordingly, only clients that can afford a loss of their entire investment should consider these investments. Past activities of Amstar or our affiliates provide no assurance of future success.

### **Highly Competitive Market for Investment Opportunities Generally**

The activity of identifying, completing and realizing on attractive investments is highly competitive and involves a significant degree of uncertainty. Client accounts will be competing for investments with many other investment vehicles, as well as individuals, financial institutions, investment managers, industrial groups, merchant banks and other institutional investors. Additional funds and vehicles with similar investment objectives may be formed in the future by other unrelated parties and further consolidation may occur (resulting in larger funds and vehicles). There can be no assurance that any client will be able to locate, complete and exit investments that satisfy its objectives or realize the value of such investments.

### **Difficulty of Identifying Attractive Investments**

The availability of investment opportunities generally will be subject to the prevailing regulatory or political climate in the region, as well as to market conditions. In addition, the business of identifying and structuring investments of the types contemplated by Amstar for our clients is highly competitive

and involves a high degree of uncertainty. Accordingly, there can be no assurance that we will be able to identify and complete attractive investments in the future, or that we will be able to invest fully a client's committed capital.

### **Limited Liquidity**

Amstar invests client assets primarily in real property. As a result, there generally will be limited or no marketability of the investments, and such investments may decline in value while Amstar seeks to dispose of them. Furthermore, Amstar may find it necessary to sell client investments at a discount or to sell over extended periods of time when disposing of portfolio investments. Therefore, it is expected that the investments generally will not be sold for a number of years and will remain relatively illiquid and difficult to value. The marketability and value of any such investments will depend upon many factors beyond Amstar's control. It is anticipated that there will be a significant period of time before a client's account will have completed its investments in real properties. Such investments are expected to take from three to six years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Therefore, we anticipate a long time period between the initial capitalization of a client's account and return on investments, if any.

### **Investments Longer than Term**

Amstar may invest client assets in investments that may not be advantageously disposed at the time the account is expected to terminate or be dissolved. Although Amstar expects that investments will either be disposed of prior to termination or dissolution or be suitable for in kind distribution, Amstar may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of termination or dissolution.

### **Real Estate Risks Generally**

Investments are subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include, but are not limited to, those associated with the burdens of ownership of real property, general and local economic climate, changes in supply of and demand for competing properties in an area (as a result, for instance, of overbuilding), fluctuations in the average occupancy and room rates for hotel properties, the financial resources of tenants, changes in building, environmental and other laws, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, changes in government regulations (such as rent control), changes in real property tax rates, changes in interest rates and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable, environmental liabilities, contingent liabilities on disposition of assets, terrorist attacks and war and other factors that are beyond Amstar's control. There can be no assurance that there will be a ready market for resale of investments because investments will generally not be liquid. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual restrictions on their resale.

### **Environmental Liabilities**

Client assets may be exposed to substantial risk of loss from environmental claims arising with respect to investments made with undisclosed or unknown environmental problems or as to which inadequate reserves had been established. Under the laws, ordinances and regulations of various jurisdictions, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and owner's liability as to any property are generally not limited



under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on return from such investment. Environmental claims with respect to a specific investment may exceed the value of such investment, and under certain circumstances, may subject other assets of a client account to such liabilities.

### **Natural Disasters**

Certain real estate investments may be located in earthquake zones or be subject to risks associated with other natural disasters, such as fire, hurricanes, tornadoes, windstorms, volcanic eruptions, tsunamis or floods. Insurance coverage of such risks may be limited, may be subject to large deductibles or may be, or in the future become, completely unavailable. Amstar or its affiliates will determine in their sole discretion whether to seek insurance coverage of (or seek alternative ways to manage or mitigate) such risks.

### **Uninsured Losses**

Amstar will attempt to maintain insurance coverage against liabilities to third parties and property damage as is customary for similarly situated businesses. There can be no assurance that insurance will be available or sufficient to cover any such liabilities and property damage. Among other things, insurance against certain risks, such as earthquakes, floods, environmental contamination or terrorism, may be unavailable, available in amounts that are less than the full market value or replacement cost of investments or underlying assets or subject to a large deductible. In addition, there can be no assurance that the particular risks which are currently insurable will continue to be insurable on an economically feasible basis in the future.

### **Investments in Land/New Development**

Amstar may acquire direct or indirect interests in undeveloped land or underdeveloped real property, which may often be non-income producing. To the extent that Amstar invests client portfolios in such assets, they will be subject to the risks normally associated with such assets and development activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond Amstar's control, such as weather or labor conditions or material shortages), the availability of both construction and permanent financing on favorable terms or at all and the availability to identify and participate in development projects with or obtain or renew land lease rights from government authorities. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on a client's account. Properties under development or properties acquired to be developed 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 makes such development less attractive than at the time it was commenced.

### **Zoning Restrictions and Local Opposition**

In order to develop a property on a particular site, the zoning of such site must permit the development of residential, office and/or retail activities of the type intended for development by us. In instances where the existing zoning is not suitable or in which the zoning has yet to be determined, Amstar's developers or affiliates will be required to apply for the required zoning classifications. This procedure

may be protracted, particularly where the bureaucracy is cumbersome and inefficient, and there can be no assurance that the process of obtaining proper zoning will be completed with sufficient speed to enable the office, retail and/or residential developments to be completed ahead of any competitor development, or at all. Opposition by local residents to zoning and/or building permit applications may also cause considerable delays. In addition, arbitrary changes to applicable zoning by the relevant authorities may jeopardize projects that have already commenced. Therefore, if Amstar or its affiliates do not receive zoning approvals or if the procedures for the receipt of such zoning approvals are delayed, costs will increase, which could have a material adverse effect on the business, financial condition and results of operations of client investments.

### **Unlawful or Arbitrary Action by Regulatory Authorities**

There is a risk that regulatory authorities in certain foreign countries may exercise a high degree of discretion and at times exercise their discretion arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary to law. Unlawful or arbitrary actions could include attempted bribery, unscheduled inspections by regulators, suspension or withdrawal of licenses and permissions, unexpected tax audits, criminal prosecutions and civil actions. Unlawful or arbitrary regulatory action directed at Amstar, its local partners or client accounts could have a material adverse effect on the business, financial condition, or results of operations of the accounts.

### **Construction Delays and Cost Overruns**

Construction delays and cost overruns may increase project development costs for investment projects. In addition, delays in the completion of a project may result in a delay in the commencement of cash flow, which would increase capital needs. Projects may also incur construction and other development costs that exceed original estimates due to increases over time in interest rates, material costs, labor costs or other costs. These delays and increased costs could make completion of a project uneconomical because market prices may not increase sufficiently to compensate for the increase in construction and other development costs. Consequently, clients may not be able to dispose of any investment profitably. It may also be impossible to complete construction of a project on schedule or on budget due to a variety of other factors, including shortages of materials, equipment, technical skills and labor; adverse weather conditions; natural disasters; labor disputes; unforeseen engineering, environmental or geological problems; disputes with contractors and sub-contractors; delays in obtaining licenses, permits and approvals from the relevant authorities; and other problems and circumstances that may result in increased construction and development costs. Any of these actors may adversely affect the financial results of client investments.

### **Risk of Limited Number of Investments; Lack of Diversity**

Although Amstar generally intends to invest in a variety of real estate assets, clients may ultimately participate in a limited number of investments due either to market conditions or to their own investment objectives and restrictions. As a consequence, their aggregate return may be substantially adversely affected by the unfavorable performance of even a single investment. The value of an investment may be materially affected by a single adverse political or economic event in a foreign country.

### **Financial Market Fluctuations**

General fluctuations in the market prices of securities may affect the value of client investments. Instability in the securities markets may also increase the risks inherent in the investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise, which can be volatile.

## **Market Conditions**

Amstar's strategy in some investments may be based, in part, upon the premise that real estate businesses and assets will be available for purchase at prices that Amstar considers favorable. Further, Amstar's strategy for an investment may rely, in part, upon the continuation of existing market conditions (including, for example, supply and demand characteristics), or, in some circumstances, a local market recovery or improvement in market conditions over the projected holding period for the investments. No assurance can be given that real estate businesses and assets can be acquired or disposed of at favorable prices or that the market for such assets will either remain stable, or, as applicable, recover or improve, since this will depend, in part, upon events and factors outside of Amstar's control.

## **Use of Leverage**

While investments in leveraged properties offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. Amstar's investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. Moreover, any rise in interest rates may significantly increase portfolio company interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, clients may suffer a partial or total loss of capital invested in the project.

In connection with the financing of certain investments, Amstar may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while clients may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance than if they had not entered into such hedging transactions.

## **Possibility of Future Terrorist Activity**

In the current environment, there is a risk that one or more of Amstar's investments will be directly or indirectly affected by terrorist attack. An attack could have a variety of adverse effects on the business and performance results of one or more of the investments or subsequently acquired investments, including risks and costs related to the destruction of property, inability to use one or more properties for their intended uses for an extended period, decline in rents achievable or property value and injury or loss of life, as well as litigation related thereto. Such risks may not be insurable or subject to increased insurance premiums and deductibles that Amstar deems uneconomic. It is not possible to predict the severity of the effect that any such future events would have on the global financial and insurance markets, or client investments. 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 global financial and insurance markets and economy, thus harming demand for and the value of client investments.

## **Insurance May Not Cover All Losses**

Uninsured and underinsured losses could harm the value of client assets. Various types of losses, such as losses due to wars, riots, nuclear reaction, terrorist acts, earthquakes, floods, hurricanes, pollution or environmental matters, generally are either uninsurable (or not economically insurable) or may be subject to insurance coverage limitations, such as large deductibles or co-payments or insurance only being available in amounts less than the full market value or replacement cost. In general, losses related to terrorism are becoming harder and more expensive to insure against. Some insurers are excluding

terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance. As a result, there can be no assurance that all investments will be insured against terrorism, or that particular risks which are currently insurable will continue to be insurable on an economic basis. Should an uninsured loss or a loss in excess of insured limits occur, clients could lose all or a portion of the capital they have invested in an investment, as well as the anticipated future revenue from the investment. In that event, client accounts might nevertheless remain obligated for any notes payable or other financial obligations related to the investment, in addition to obligations to the account's ground lessors, franchisors and managers. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the portfolio properties pledged as collateral for loans, and other factors might also keep the clients from using insurance proceeds to replace or renovate an investment after it has been damaged or destroyed. Under those circumstances, the insurance proceeds clients receive might be inadequate to restore their economic position on the damaged or destroyed investment.

## **Bankruptcy**

Certain investments may become subject to compromise and/or discharge under the U.S. Bankruptcy Code. Investments in entities which later file for relief as debtors in proceedings under Chapter 11 of the U.S. Bankruptcy Code may, in certain circumstances, be subject to litigation, which could further impair the value of the investment. For example, under certain circumstances, lenders which have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to clients (which could include distributions by a Fund to investors) may be reclaimed in the course of bankruptcy proceedings if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment (or the equivalent under the laws of certain jurisdictions). Bankruptcy laws may delay the ability of clients to realize on collateral for loan positions or may adversely affect the priority of such loans through doctrines such as equitable subordination. Bankruptcy laws may also result in a restructure of debt without the Fund's consent under the "cramdown" provisions of the bankruptcy laws and may also result in a discharge of all or part of the debt without payment to the Funds. Non-U.S. jurisdictions may present credit issues that are similar to or different from U.S. issues.

### *Other Related Procedures and Conflicts:*

Valuation of Holdings. We generally value client portfolio holdings quarterly, in accordance with each Fund's applicable partnership agreement or a client's investment management agreement and our internal valuation policies and procedures. Our primary objective in the pricing of client portfolios is to ensure that prices are recorded at "fair value" on a consistent, transparent, and reasonable basis. We believe that the fair value of portfolio holdings is the price at which a client would be able to sell an asset (or transfer a liability) in a hypothetical transaction between market participants. Because portfolio holdings are typically illiquid and unmarketable, our procedures are designed to help us try to determine this "fair value." We may consider a number of factors and use several techniques in valuing illiquid holdings, including:

- Market conditions;
- Purchase price;
- Estimated liquidation value;
- Meaningful third-party transactions in the private market;

- Valuation used in the most recent round of financing for the issuer;
- Application of a multiple to the earnings or “EBITDA” of the issuer’s aggregate business(es);
- Value of the issuer’s net assets;
- Expected future cash flows (or expected future earnings) from the issuer’s aggregate business(es), plus a terminal value of the business(es); and
- The valuation to be used in an anticipated sale of the investment in situations where either 1) we expect that the investment will be divested soon, or 2) the issuer will go public soon (but in either case, only if the pricing aspects of the transaction have been substantially agreed upon).

We attempt to use valuation techniques that, in our best judgment, are most appropriate under the circumstances, and for which sufficient data is available. For disclosure purposes in our Form ADV, Part 1 regarding custody of client funds and securities, we include only the actual value of cash and the face amount of mortgages or notes held by qualified custodians.

Due Diligence Trips. From time to time, our employees may go on due diligence trips related to a prospective investment. The expenses related to these trips may be paid for by the business in which the prospective investment would be made, or may be paid for by us and reimbursed by the applicable Fund or client account. To the extent we believe it appropriate, we may invest client assets in these companies.

#### **Item 9: Disciplinary Information**

We are required to disclose to you if we have any legal or disciplinary events involving the firm or our members, officers, or principals that are material to your evaluation of our advisory business or the integrity of our management. As of the date of this Brochure, we have no disciplinary events required to be disclosed.

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

Neither Amstar nor any of its affiliates is registered as a broker-dealer, nor are any applications pending to register Amstar or any affiliate as a broker-dealer.

Amstar is affiliated, and has material business relationships, with Amstar Group LLC (“Amstar Group”). Amstar Group is a real estate manager which invests on behalf of itself, directly or indirectly, solely in real estate assets. Indirect investments are made through joint ventures or limited partnerships in which Amstar Group retain 100% of the management and control of the real estate assets, even if other persons occasionally own significant economic interests in the joint venture or limited partnership. Amstar was developed as an outgrowth of Amstar Group’s own real estate investment activities to apply the asset management philosophy and techniques developed by Amstar Group to portfolios of unaffiliated, third party clients. Amstar and Amstar Group share the same premises, personnel and investment philosophy, but Amstar may invest in real estate securities as part of the real estate assets it acquires for clients. As a result of this overlapping business model, Amstar and Amstar Group are governed by the same Code of Ethics. See Item 11 for a discussion of the shared Code of Ethics.

Certain of our affiliates are Special Purposes Vehicles (“SPV’s”) which were created to act as general partners (“GPs”) to the Funds that we advise. Each SPV acting as the GP of a Fund is disclosed as a “Relying Adviser” in our Form ADV, Part 1, Item 1.B., in reliance on guidance provided by the staff of the SEC. As such, the personnel who provide services on behalf of the GPs other than their independent

directors are “persons associated with” Amstar (as defined in Advisers Act Section 202(a)(17)) and are also subject to our shared Code of Ethics as described in Item 11. In addition, each GP is more fully described in our Form ADV, Schedule D for Item 7.A.(16). Please see [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). See, also, Item 15 for additional information on the role of the SPV’s.

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

### *Code of Ethics*

Amstar, its affiliate, Amstar Group, and its Relying Advisers (referred to collectively in this Brochure as “Amstar Global”) have adopted on a shared basis a Code of Ethics (“Code”) in accordance with Advisers Act Rule 204A-1 that sets forth ethical standards of business conduct that Amstar requires of its employees, including compliance with applicable federal securities laws. The Code is included in Amstar’s Investment Adviser Compliance Manual. It consists of an outline of policies regarding several areas: standards of conduct and compliance with laws, rules and regulations; protection of material non-public information; personal securities trading; and outside business activities. It also consists of specific information and guidance that is provided in firm-wide policies and procedures. A copy of Amstar Global’s Code is available to clients or prospective clients upon request.

The policies and procedures set forth in the Code recognize that Amstar Global and Supervised Persons (as defined in Advisers Act Section 202(a)(25)) have a fiduciary duty to place the interests of clients ahead of their own, and an obligation to address and mitigate conflicts of interest and the appearance of any conflicts of interest. The Code sets out standards of business and personal conduct for each Supervised Person and addresses conflicts that arise from personal trading by access persons and provides for disciplinary sanctions for Code violations. All Supervised Persons must acknowledge the terms of the Code initially upon hire and thereafter annually. The Code provides for the imposition of sanctions for violations of the Code.

The Code incorporates the following principles, which require Supervised Persons to:

- Keep investment-related information learned by a Supervised Person during the course of carrying out Firm-related duties or in communications between Supervised Persons confidential until or unless publicly available.
- not take or omit to take an action on behalf of a client or intentionally induce a client to take action for the purpose of achieving a personal benefit.
- not use actual knowledge of a client’s transactions to profit by the market effect of the client’s transaction.
- not take unique investment opportunities which should be made in clients’ accounts for accounts in which they have a beneficial interest.

### *Participation or Interest in Client Transactions*

Amstar Global may at times recommend to its advisory clients that they buy or sell securities or investment products in which Amstar Global or a related person has some financial interest. Amstar Global discloses such financial interest to clients, consistent with Amstar Global’s duties to clients, as well as applicable laws.

Amstar Global, its related person and certain principals of either may co-invest with clients in direct real estate investments or real estate joint venture agreements managed for clients when required under applicable investment management agreements. Amstar Global, its related persons and knowledgeable or otherwise qualified employees may also co-invest in commingled real estate funds managed by Amstar. Any such investment is disclosed to other investors. See Items 5 and 6, above, regarding employee fee waivers.

### Personal Trading

Subject to the Code, as described above, Amstar Global and our partners, principals, employees, and other related persons may engage in investment activities for our own accounts or for family members and friends. These activities may involve the purchase and sale of investments that are the same as, but in different concentrations or times and prices than, those purchased or sold for client accounts. These activities may also involve the purchase and sale of investments that are different from those purchased for client accounts. Provided that they comply with the Code, our employees are permitted to invest in the Funds, if eligible.

The Code places restrictions on personal trades by Access Persons. Access Persons are generally restricted from purchasing and selling initial public offerings and limited availability securities absent pre-clearance by Amstar's Chief Compliance Officer ("CCO"). Access Persons are also prohibited from trading in securities of any company while in possession of material, non-public information. Access Persons are required to disclose to the CCO annually any account in which they have direct or indirect ownership, including accounts over which they do not have investment discretion. Access Persons must also disclose to the CCO on a periodic basis their reportable securities holdings and transactions in accounts in which they have direct or indirect beneficial ownership and over which they have investment discretion.

### *Other Related Conflicts and Practices:*

Side Letters. We sometimes enter into agreements with prospective investors that allow for different terms of investment in a Fund than the terms applicable to other Fund investors, including terms related to limited partner rights and negotiated fees. In general, we will not notify Fund investors when we enter into these agreements. Fund investors may review any agreements we have entered into with respect to their Fund upon request.

Disclosure of Portfolio and Other Information. We sometimes provide portfolio holdings information to entities that have been retained by Fund investors to evaluate portfolio risk. We provide this information in our sole discretion, and reserve the right to cease providing information at any time. We make reasonable efforts to preserve the confidentiality of the information we provide, such as by entering into non-disclosure agreements, but we cannot ensure that the entities we provide information to will fulfill their confidentiality obligations.

In the course of conducting due diligence, Fund investors periodically request information pertaining to their investments, and pertaining to us. We may respond to these requests, and may provide information that is not generally made available to other Fund investors. When we provide this information, we do so without an obligation to update any such information provided. However, we endeavor to provide the information requested in the most current form available.

Gifts and Entertainment. Brokers, counterparties, service providers and other third parties with whom we do business occasionally provide gifts and entertainment to our employees. We and our affiliates may enter into business transactions and relationships on behalf of a client with the donors of such gifts

and entertainment. Such gifts and entertainment create a conflict of interest in our selection and retention of these donors as service providers for clients. To address this conflict, we have adopted policies and procedures to: 1) monitor gifts and entertainment given and received by our employees; and 2) require preapproval for gifts and entertainment given or received in excess of certain values. We also have policies and procedures in place to help us monitor, and limit, the political contributions that our employees make to public officials and candidates for elected office in accordance with the requirements of Advisers Act Rule 206(4)-5.

## **Item 12: Brokerage Practices**

Amstar advises its clients on private equity real estate transactions, so broker-dealers are not generally used by Amstar for any of its clients.

Real estate brokers are customarily used in the sale of properties under management and it is an established practice for the seller to pay the cost of the broker's commission. Such fees are negotiated for each transaction based on market rates for the particular area in which the property is located. Amstar asset and portfolio managers are responsible for selecting brokers for our clients, and routinely monitor to ensure they are providing quality service at a fair price.

### *General Brokerage Practices*

Based on the nature of the investment strategies we employ for the clients we advise, we generally do not make use of securities broker-dealers in the traditional sense to buy and sell portfolio investments on behalf of client accounts or Funds; rather, most investments are made through privately negotiated arrangements. Nonetheless, in implementing transactions for Funds or accounts, we take into account a range of relevant factors when hiring third party service providers or other intermediaries, including:

- |  |                                |
|--|--------------------------------|
| • General expertise and background           | • Type and size of transaction |
| • Stability/solvency of the service provider | • Settlement capabilities      |
| • Time required to complete role sought      | • Research services            |
| • Other similar factors                      |                                |

On behalf of clients (or on behalf of their portfolio companies, if appropriate), we may engage investment banks, securities underwriters, real estate brokers, legal and tax experts, environmental experts, insurance professionals and other service providers. Clients (or their portfolio companies, as applicable) pay these service providers through commissions or other service fees. We believe that analysis of the value of the services rendered by these service providers involves a number of factors, and that price is not the ultimate factor that determines whether we achieve "best execution" in selecting service providers. Where we pay commissions, they are generally based on the successfulness of the transaction, judged based on original purchase price and the amount of proceeds ultimately received by clients. In limited circumstances when we do purchase and sell publicly traded securities on behalf of clients, we generally try to make use of more than one broker or dealer to accumulate a position.

### *Research and Other Soft Dollar Benefits*

We do not currently have "soft dollar" arrangements with any broker-dealers.



### *Brokerage for Client Referrals*

Please refer to Item 14 below regarding our practices with respect to capital introduction and similar events sponsored by broker-dealers and other service providers.

### *Trade Aggregation*

Because we typically only trade on behalf of a single Fund or client account at any given time, we generally do not have the opportunity to aggregate the purchase or sale of securities for multiple clients. However, to the extent that we would ever wish to buy the same investment or type of investment on behalf of more than one client, and to the extent that transactions across client accounts cannot be “aggregated” due to inability to break an investment into multiple pieces or lack of sufficient available product, we would implement a rotation policy to ensure that, over time, each client has fair access to such limited availability investments.

### *Other Brokerage Practices, Issues, and Conflicts:*

Cross Trades. We do not effect “principal,” “agency cross” or “cross” transactions between Funds or client accounts.

Transactions with Fund Investors. We and our affiliates sometimes enter into transactions with certain Fund investors. The terms of these transactions are negotiated on an arm’s-length basis; however, we and our affiliates are subject to a conflict of interest when determining such terms because we may benefit from retaining such investors’ investment in our Funds.

Allocation of Our Time and Resources and Investment Opportunities. Generally, we are not subject to specific obligations or requirements concerning the allocation of our time, efforts, resources, or investment opportunities to any particular Fund. Our principals devote only such portion of their time to the affairs of each Fund or account as they in good faith consider necessary for the proper performance of their duties.

Complex Institutional Relationships. Throughout Item 12, and elsewhere in this Brochure, we disclose conflicts of interest arising out of our and our affiliates’ relationships with counterparties and service providers. These conflicts may be exacerbated to the extent that we and our affiliates have multiple relationships, involving a variety of transactional work with the same or related entities. Because of the number and nature of these relationships, conflicts of interest that arise in connection with any one transaction or relationship can be compounded when many different transactions and relationships develop at the same time.

### **Item 13: Review of Accounts**

Amstar’s portfolio team members continuously monitor client portfolios under the supervision of the portfolio manager as well as the Investment Committee.

Account reviews may include, but are not limited to, on-site property visits, frequent discussions between Amstar team members and third party service providers, and written reports from due diligence firms, law firms, environmental consultants and other third party service providers. Amstar submits regular written reports, typically quarterly, to all clients and Fund investors regarding the status and performance of their investments. Reports may be more frequent and content may vary based on the

terms of each client's agreement with Amstar or the terms of a Fund investor's subscription agreement or side letter.

Each Fund is subject to an annual audit of its financial statements by an independent auditor.

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

##### *Referrals*

When we are in the process of raising a new Fund, we typically engage the services of a registered broker-dealer to serve as placement agent to offer and sell Fund units to qualified investors. Placement agents are compensated in accordance with written agreements entered into between Amstar and each agent. Investors who purchase shares through a placement agent pay no more or less for their units than investors who purchase shares directly from Amstar pursuant to the Issuer Exemption from the Securities and Exchange Act of 1934, as amended. We generally pay the placement agent a fixed fee for up to a certain amount of capital raised for the Fund, in addition to a percentage based on the amount of capital raised in excess of that amount. Amstar does not currently pay any solicitors or finders to refer prospective separate account clients to us.

##### *Other Compensation*

Amstar does not receive any economic benefit for providing advisory services from anyone who is not a client.

##### *Other Considerations*

We may attend meetings or events sponsored by broker-dealers or other Fund service providers, which potential Fund investors may also attend. These events may create the appearance of using the services of these sponsors in order to be invited to their capital introduction programs. While it is possible that we may place brokerage or other transactions with these firms, it is highly unlikely that we would be introduced to Fund investors at these events and in no event are we obligated to use the service providers that sponsor these events in order to be invited or included. We do not pay to participate in these programs and we do not cause Funds to pay higher commissions or other transaction costs in connection with these programs or services (although Funds will not necessarily pay the lowest possible fee in connection with any particular transaction or service).

#### **Item 15: Custody**

Amstar is deemed to have custody of the assets of the Funds that it manages through its affiliation with the SPVs created to serve as GPs for our Funds. Amstar also forms legal entities to hold title to real estate investments on behalf of the Funds. These legal entities are affiliated with Amstar. However, the cash and securities, if any, of Fund clients are held by qualified custodians as required by Advisers Act Rule 206(4)-2, the Custody Rule. The financial statements of each Fund are audited annually by an independent auditor and Fund investors are provided with the audited statements in accordance with the Custody Rule.

## **Item 16: Investment Discretion**

Clients may hire Amstar to provide fully discretionary asset management services, in which case we acquire or dispose of investments in a client's account without contacting the client prior to each transaction to obtain the client's permission. When applicable, our discretionary authority includes the ability to determine the following without contacting the client:

- The investment to buy or sell;
- The number of investments to buy or sell; and/or
- The brokers or agents from which to acquire the investments.

The discretionary authority granted to Amstar is typically outlined in the investment management agreement or in the organizational documents of the Funds. We generally have discretionary authority for the management and conduct of the affairs of the Funds we manage. We are responsible for and have the authority to identify, acquire, operate, manage, finance and sell Fund assets. Other responsibilities include, among other things, determining investment strategy and providing research, acquisition, portfolio management, asset management, property management, leasing supervision, client service, administration and financial accounting.

Amstar also provides services on a shared-discretionary basis. In this situation, the client has approval rights with respect to major investment recommendations, but once the client has approved a recommendation, all further investment-related activities are performed by Amstar on a discretionary basis.

## **Item 17: Voting Client Securities**

Amstar generally acquires and holds real property in its Fund portfolios and does not acquire securities that require it to vote proxies on behalf of its clients. However, Amstar has adopted, as part of its written policy and procedures, a "form of" proxy voting procedure to be implemented in the event that it should be called up to exercise its voting responsibilities as a discretionary investment manager. At this time, no voting activity exists and no policy is required.

## **Item 18: Financial Information**

As of the date of this Brochure, no financial conditions exist of which we are aware that would be reasonably likely to impair our ability to meet our contractual commitments to clients.