

Firm

# Brochure

Part 2 of Form ADV

Item 1 – Cover Page

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This brochure provides information about the qualifications and business practices of **ROC|BRIDGE PARTNERS, LLC**. If you have any questions about the contents of this brochure, please contact John Pennington at: 801-716-4553, or by email at: [John@ROC-Bridge.com](mailto:John@ROC-Bridge.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about the Investment Manager is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Effective Date: **January 1, 2012**

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## ***Item 2 - Material Changes***

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the firm “Brochure”.

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### **Material Changes since the Last Update**

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of the ROC|Bridge Partners Brochure, please contact John Pennington by telephone at: 801-716-4553 or by email at: [John@ROC-Bridge.com](mailto:John@ROC-Bridge.com).

## ADV PART 2A

### *Item 4 - Advisory Business*

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#### **Firm Description**

ROC|Bridge Partners, LLC hereinafter (“Adviser” or “Investment Manager”) is a limited liability company formed under the laws of the State of Delaware. The Investment Manager provides investment advisory services on a discretionary basis to clients and is not in the business of selling securities on a commission basis. However, there may be some associated persons who are in other fields where they receive commissions as compensation. The firm is not affiliated with entities that sell financial products or securities.

The Investment Manager provides investment advice through the commingled investment vehicle known as The Real Estate Opportunity Capital Fund II LP (the “Fund” or “Limited Partnership” or “Partnership” or “ROC II”) which is offered to high net worth, financially sophisticated individuals and institutional investors. The Fund has been established by ROC|Bridge GP II, LLC, who is the “General Partner” of the Fund, to invest in North American real estate with a focus on the U.S. multifamily and commercial office real estate sectors. The Investment Manager also provides investment advice through the commingled investment known as Real Estate Opportunity Capital Fund LP (“ROC I”). ROC I was established by Pacific Finance Holdings, LLC, (“PFH”) who is the general partner of ROC I. Members of the Investment Manager are also direct and indirect principals of PFH. ROC I was closed to further investment on March 31, 2011. As of January 1, 2012 the Investment Manager, through ROC I, has approximately US\$137.2 million in capital commitments consisting of US\$124.2 million of limited partner interests as well as US\$13.0 million of co-investment capital from third party real estate investors.

#### **Principal Owners**

The Investment Manager is ROC|Bridge Partners, LLC which has one direct owner, RBP Capital Holdings, LLC, a Delaware limited liability company. RBP Capital Holdings, LLC has three members: PMN Real Estate Investments, Ltd; Bridge Investment Group, LLC; and RFG ROC, LLC. The individual principals of these three members are Robert Morse, Donaldson Hartman, Danuel Stanger, Jonathan Slager, Wing fai Ng, Winston Chiu, Dean Allara, Christian Young, Paul Hutchinson, John Pennington, David Russell Minnick, Terence Kevin Anderson, Richard Stayner, Brad Andrus, Douglas Anderson, Robert Hallock and Kelley Hansen. Therefore the individuals listed above are all “indirect principals” of the Investment Manager.

The “General Partner” (ROC|Bridge GP II, LLC) has the same three members as RBP Capital Holdings, LLC and therefore the individuals listed above are also “indirect principals” of the General Partner.

Definition of a “Client(s)”, “Investor/Owners” and “Joint Venture Partner” is located on Page 7, Item # 7

The Investment Manager does not act as a sponsor of a WRAP program nor does it act as an investment adviser to a WRAP program. Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the Client on an as-needed basis. Conflicts of interest arising out of the Investment Manager’s or its associated persons are disclosed in this brochure.

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### **Types of Advisory Services**

The Investment Manager serves as the investment manager to privately offered real estate limited partnerships and other real estate investment vehicles. The Investment Manager's main focus is to advise on any financial issue as it relates to the business operation of the limited partnerships of which the Investment Manager is the manager thereof.

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### **Tailored Relationships**

The Investment Manager also manages commercial real estate projects on a joint venture basis. Although this strategy is not the focus of the Investment Manager, it consists of one or more joint venture entities investing into a single real estate asset on similar terms with the Client(s). The joint venture partner(s) is usually a silent partner and shares a pro-rata risk in the investment. The Investment Manager receives compensation from the joint venture partner for managing the real estate asset.

The General Partner may create parallel investment entities (collectively, "Parallel Vehicles").

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### **Assignment of Investment Management Agreements**

Agreements may not be assigned without Client(s) consent.

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### **Types of Agreements**

The types of agreements provided are as follows:

Investors/Owners are issued:

1. private placement memorandum of the relevant limited partnership
2. limited partnership agreement of the relevant limited partnership
3. A brochure of the Investment Manager (ADV Part 2 and 2B)
4. subscription document of the relevant limited partnership
5. If required: an investor pre-qualification form.

A limited partnership will be offered via a private placement memorandum by which an Investor/Owner becomes a "Limited Partner" within the specific limited partnership. The potential Investor/Owner is required to complete an accreditation form evaluating the investor's suitability for such investment. All Limited Partners must be approved and accepted by the General Partner via the written subscription documents before being admitted into any limited partnership. Real Estate Opportunity Capital Fund II LP (ROC II) will be offered for investment starting March of 2012. The ROC I opportunity was closed to further new Investors/Owners in March 2011.

Real estate transactions that include a joint venture partner are not the primary focus of the Investment Manager. Therefore such agreements are created and drafted on a case by case basis.

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### **Asset Management**

Investments managed by the Investment Manager are generally limited to interests in real estate partnerships and real estate secured transactions.

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### **Termination of Agreements**

Client Agreements: A Client(s), under certain conditions, may terminate the Investment Manager at any time by notifying the Investment Manager in writing. Similarly, the Investment Manager may also terminate any management services provided to the Client at any time by notifying the Client(s) in

writing. Upon termination by the Client or Investment Manager then any unused portion of fees collected in advance will be refunded.

**Investor/Owner Agreements:** An Investor/Owner who becomes a Limited Partner in the Partnership is unable to terminate the investment mainly due to the real estate nature of the investments. Investment in the Partnership requires a long-term commitment. Therefore, the return of capital and realization of gains, if any, from an investment will generally occur only upon the partial or complete disposition of such investment. Limited Partners should expect that they will not receive a return of capital for an extended period of time and therefore the investment is not suitable for investors who need liquidity.

### ***Item 5 - Fees and Compensation***

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#### **Fees: Management Fee**

Each privately offered real estate limited partnership has a management fee structure that is very similar to the other privately offered limited partnerships managed by the Investment Manager. Each has a management fee paid to the Investment Manager. For a thorough and complete description please refer to the individual private placement memorandum and limited partnership agreements of each privately offered real estate limited partnership. Joint Venture Partner projects, which are not the focus of the Investment Manager, are drafted on a case by case basis, may also pay management fees to the Investment Manager.

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#### **Compensation: Carried Interest**

Each privately offered real estate limited partnership that is managed by the Investment Manager has a carried interest or performance fee component. The General Partner of the Partnership receives a performance fee (“Carried Interest”). While the structure of the Carried Interest payable by each real estate limited partnership is similar, they are not all exactly the same. For a thorough and complete description please refer to the individual private placement memorandum and limited partnership agreements of each privately offered real estate limited partnership. Joint Venture Partner projects, which are not the focus of the Investment Manager, are drafted on a case by case basis, and may also pay performance fees.

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#### **Fee Billing:**

Each privately offered real estate limited partnership in which the Investment Manager is the manager has a similar structure when it refers to fees and billings. For a thorough and complete description please refer to the individual private placement memorandum and limited partnership agreements of each privately offered real estate limited partnership. Joint Venture Partner projects, which are not the focus of the Investment Manager, are drafted on a case by case basis, may pay further fees to the Investment Manager.

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#### **Conflict of Interest Between Different Fee Structures:**

The Investment Manager provides management services on a discretionary basis to Clients and Joint Venture Partners. There are also different groups of limited partners invested into various private real estate offerings. The potential for a conflict between different fee structures managed by the Investment Manager is mitigated by two factors. 1. The fee structures that the Investment Manager charges each Client and/or a Joint Venture Partner is usually very similar. 2. The Investment Manager usually will orderly deploy a majority of the 1<sup>st</sup> clients’ capital into real estate holdings before the Investment Manager will begin the orderly deployment of the 2<sup>nd</sup> clients’ capital into real estate holdings. Therefore the time between each deployment of capital mitigates conflicts of interest—i.e. the final closing of “ROC

I” was March 2011 and the initial opening for the “ROC II” is March 2012. However, the Investment Manager is not prohibited from investing multiple Client(s) or Joint Venture Partner(s) into the same real estate transaction on a pro-rata basis. Please refer to the individual private placement memorandum for further details.

### ***Item 6 - Performance Fees***

See Item 5 - Fees and Compensation for disclosure on Carried Interest. A complete description is contained in the private offering memorandum(s) for each privately offered limited partnership(s).

### ***Item 7 - Types of Clients***

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#### **Description**

Clients are all of the privately offered limited partnerships (“Clients”) that are managed by the Investment Manager.

Joint Venture Partner are usually a third party silent partner in a particular individual real estate project and the joint venture partner shares a pro-rata ownership risk with the Partnership. Although this is not the core business of the Investment Manager, there are certain real estate transactions that require a joint venture ownership structure allowing a third party to own a part of a particular individual real estate investment (“Joint Venture Partner”).

Investors/Owners (or “Limited Partners”) are not considered to be a “client” under the definition provided by the SEC. Therefore Investor/Owners are not defined as a “client” in this document. However the Investor/Owners are the investors that join the privately offered limited partnership investment vehicles. They must be qualified as defined in the Investment Advisers Act of 1940 and make representations concerning their sophistication as an investor and their ability to bear the risk of loss of its entire investment. Once admitted into a particular limited partnership they become “Limited Partners”.

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#### **Account Minimums**

The minimum initial investment in the Partnership is \$1,000,000.00. Although, the General Partner may waive this minimum requirement at its discretion.

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

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#### **Methods of Analysis**

The Investment Manager’s collective reputations and experience in asset-backed finance, development and real estate investment, will provide continued significant access to deal flow.

The General Partner believes that the opportunity to purchase assets at substantial discounts to replacement cost will continue over the next several years due to inventory from U.S. government agencies, failed financial institutions and other motivated sellers. As the U.S. economy starts to show signs of recovery, U.S. banks will be in a better financial position to foreclose or strike deals with borrowers as well as increase disposals of real estate holdings.

The Managers have the resources and the technology to sift through the substantial body of information pertaining to discounted assets from the numerous sources.

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### **Investment Strategies**

The Investment Manager believes that the current U.S. financial crisis presents a “once in a generation” opportunity to buy discounted real estate assets from governmental entities such as the FDIC, troubled banks, or directly from other institutional financing sources that are liquidating non-performing assets and owned real estate. The Investment Manager believes that the U.S. government and other distressed sellers will likely dispose of several hundred billion dollars of deeply discounted assets over the next several years, with no reasonable offer refused, and that there will thus exist a very strong upside potential due to these market circumstances. As a result, the Investment Manager also believes that these market circumstances will be conducive not only to achieving strong risk-adjusted returns, but also to preserving investor capital.

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### **Market, Security and Regulatory Risks**

*Note: All defined terms in this section are taken directly from the ROC II private placement memorandum and are generally the same for all other funds that are managed by the Investment Manager.*

Any investment with the Investment Manager involves significant risk, including risk of a complete loss of capital and conflicts of interest. All investment programs have certain risks that are borne by the investor which are described below:

#### **Certain Risks**

*Investment in the Partnership entails a high degree of risk and is suitable only for sophisticated individuals and institutions for whom an investment in the Partnership does not represent a complete investment program and who fully understand and are capable of bearing the risks of an investment in the Partnership. Prospective investors should carefully consider the following risk factors, among others, in determining whether an investment in the Partnership is a suitable investment. There can be no assurance that the Partnership will be able to achieve its investment objective, and investment results may vary substantially on an annual basis.*

#### **No Operating History**

Although the Managers and other key personnel of the General Partner and the Investment Manager have extensive experience investing in and structuring real estate properties and real estate related businesses and entities, the Partnership and the General Partner are newly formed entities with no operating history upon which to evaluate the Partnership’s likely performance. Past performance by the key personnel of the General Partner and the Investment Manager and their affiliates and the funds previously managed thereby is not indicative of future performance by the Partnership. Investors should draw no conclusions from the transactional experience described herein or in the Private Placement Memorandum of the Fund nor the performance of any other investment vehicles and should not expect the Partnership to achieve similar results.

#### **Reliance on Key Management Personnel**

The success of the Partnership will depend, in large part, upon the skill and expertise of the Managers under the leadership of Messrs. Morse, Hartman, Stanger, Allara, Slager and Chiu. If the General Partner



were to lose the services of any of these key personnel the financial condition and operations of the Partnership could be materially adversely affected. There can be no assurance that these key personnel will continue to be affiliated with the Partnership throughout its term.

### **No Right to Control the Partnership's Operations**

Limited Partners have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Partnership. In order to safeguard their limited liability against the liabilities and obligations of the Partnership, Limited Partners must rely entirely on the General Partner and the Investment Manager to conduct and manage the affairs of the Partnership. The Carried Interest allocation to be made to the General Partner may create an incentive for the General Partner to make investments that are riskier or more speculative than would be the case in the absence of such Carried Interest allocation. In the limited areas where the Limited Partners have the right to consent to or to take certain actions, it should be noted that the Limited Partners and the limited partners of the Parallel Vehicles generally vote on all matters on a combined basis as set forth in the Partnership Agreement. Accordingly, action by limited partners in a Parallel Vehicle could affect the Partnership.

### **Availability of Suitable Investments**

Purchasers of the Interests will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding future investments to be made by the Partnership and, accordingly, will be dependent upon the judgment and ability of the General Partner and the Investment Manager in investing and managing the capital of the Partnership.

The activity of identifying, completing and realizing attractive investments has from time to time been highly competitive, and involves a high degree of uncertainty. The Partnership will be competing for investments with many other real estate investment vehicles, as well as individuals, financial institutions (such as mortgage banks, pension funds and real estate operating companies) and other institutional investors. Further, over the past several years, many real estate funds and publicly traded vehicles have been formed and others have consolidated (resulting in larger funds and vehicles). Additional funds and vehicles with similar investment objectives may be formed in the future by other unrelated parties and further consolidation may occur. Consequently, it is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Partnership and adversely affecting the terms upon which Investments can be made. The Partnership may incur bid, due diligence or other costs on investments which may not be successful. As a result, the Partnership may not recover all of its costs, which would adversely affect returns. Participation in auction transactions will also increase the pressure on the Partnership with respect to the price of a transaction. There can be no assurance that investments of the type in which the Partnership may invest will continue to be available for the Partnership's investment activities or that available investments will meet the Partnership's investment criteria. Further, to the extent suitable investments are available, there can be no assurance that if such investments are made, the objective of the Partnership will be achieved.

### **Restrictions on Transfer and Withdrawal**

Interests have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), the securities laws of any U.S. state, or the securities laws of any other jurisdiction, and therefore, cannot be sold unless they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. It is not expected that registration under the Securities Act or other securities laws will ever be effected. Interests may only be offered, sold or transferred to individuals or entities who or which are qualified investors under applicable securities laws. Furthermore, there is no public market for the Interests and none is expected to develop. Each Limited Partner will be required to represent that it is a qualified investor under applicable securities laws and that it is acquiring its Interest for investment purposes and not with a view to resale or distribution and that it

will only sell and transfer its Interest to a qualified investor under applicable securities laws or in a manner permitted by the Partnership Agreement and consistent with such laws. Each Limited Partner must be prepared to bear the economic risk of an investment for an indefinite period of time. A Limited Partner will not be permitted to assign, sell, exchange or transfer any of its interest, rights or obligations with respect to its Interest, except by operation of law, without the prior written consent of the General Partner, which consent may be withheld in the sole discretion of the General Partner. Except in extremely limited circumstances, voluntary withdrawals from the Partnership will not be permitted.

### **No Assurance of Investment Return**

The General Partner and the Investment Manager cannot provide assurance that they will be able to choose, make, and realize investments in any particular type of investment. There can be no assurance that the Partnership will be able to generate returns for the Limited Partners or that the returns will be commensurate with the risks of investing in the type of assets, securities, companies and transactions described herein. There can be no assurance that any Limited Partner will receive any distribution from the Partnership. Accordingly, an investment in the Partnership should only be considered by persons who can afford a loss of their entire investment.

Past performance of investment entities associated with the Managers is not indicative of future results. There can be no assurance that the results achieved for ROC I or the Investment Manager's prior activities returns will be achieved for the Partnership and the investment results for ROC I or the Investment Manager's prior activities are not indicative of future results.

### **Illiquid and Long-Term Investments**

The Partnership intends to invest in debt and equity obligations and other investments in real estate properties and real estate businesses for which often the number of potential purchasers and sellers, if any, is very limited. This factor may have the effect of limiting the availability of these obligations for purchase by the Partnership and may also limit the ability of the Partnership to sell such obligations at their fair market value prior to termination of the Partnership or in response to changes in the economy or financial and real estate markets. Illiquidity may also result from legal or contractual restrictions on their resale. Investment in the Partnership requires a long-term commitment, with no certainty of return. The return of capital and realization of gains, if any, from an investment will generally occur only upon the partial or complete disposition or refinancing of such investment. Limited Partners should therefore expect that they will not receive a return of capital for an extended period of time. Thus, an investment in the Partnership is not suitable for an investor who needs liquidity.

### **Investments Longer than Term**

The Partnership may make investments which may not be advantageously disposed of prior to the date that the Partnership will be dissolved, either by expiration of the Partnership's term or otherwise. Although the General Partner expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the Partnership may have to sell, distribute, or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

### **Dilution from Additional Closings**

Limited Partners that are admitted or increase their Capital Commitment at subsequent closings will generally participate in existing investments of the Partnership, diluting the interest of existing Limited Partners therein. Although such Limited Partners will contribute their *pro rata* share of previously made Partnership draws (plus an additional amount thereon), there can be no assurance that this payment will reflect the fair value of the Partnership's existing investments at the time such additional Limited Partners subscribe for Interests.

## **Recycling; Reinvestment**

During the Commitment Period, under certain circumstances, proceeds distributable (or previously distributed) to the Partners that constitute a return of capital contributions may be retained and reinvested (or recalled for reinvestment) by the General Partner or used (or recalled for use) by the General Partner for any purpose permitted under the Partnership Agreement. Accordingly, a Partner may be required to fund an aggregate amount in excess of its Capital Commitment during the term of the Partnership, and to the extent such recalled or retained amounts are reinvested in investments, a Limited Partner will remain subject to investment and other risks associated with such investments.

## **Failure to Fund Capital Commitments; Consequences of Default**

If a Limited Partner fails to pay installments of its Capital Commitment when due, and the contributions made by non-defaulting Limited Partners and borrowings by the Partnership are inadequate to cover the defaulted Capital Contribution, the Partnership may be unable to meet its obligations when due. As a result, the Partnership may be subjected to significant penalties that could limit opportunities for investment diversification and materially adversely affect the returns of the Limited Partners (including non-defaulting Limited Partners). If a Limited Partner defaults, it may be subject to various remedies as provided in the Partnership Agreement, including, without limitation, forfeiture of its capital account balance, a forced sale of its Interests at a reduced value and preclusion from further investment in or sharing in gains of the Partnership.

## **Absence of Regulatory Oversight**

Notwithstanding that the Investment Manager is registered as an investment adviser under the U.S. Investment Advisers Act of 1940 (the “Advisers Act”), as amended and that the Partnership may be considered similar in some ways to an investment company, the Partnership is not required and does not intend to register as such under the 1940 Act and, accordingly, Limited Partners are not afforded the protections of the 1940 Act.

## **Enhanced Scrutiny and Potential Regulation of the Private Investment Fund Industry and the Financial Services Industry**

The Partnership’s ability to achieve its investment objectives, as well as the ability of the Partnership to conduct its operations, is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Future legislative, judicial or administrative action could adversely affect the Partnership’s ability to achieve its investment objectives, as well as the ability of the Partnership to conduct its operations.

This increased political and regulatory scrutiny of the private equity industry has been particularly acute following the onset of the global financial crisis. For example, many European jurisdictions have proposed modernizing financial regulations that have called for, among other things, increased regulation of and disclosure with respect to, and possibly registration of, hedge funds and private equity funds. Such regulations may include a restriction or prohibition on the ability of private fund managers to raise capital from European investors. There is therefore a material risk that regulatory agencies in the United States, Europe or elsewhere may adopt burdensome laws (including tax laws), rules or regulations, or changes in laws, rules or regulations, or in the interpretation or enforcement thereof, which are specifically targeted at the private equity industry, or other changes that could adversely affect private equity firms and the funds they sponsor, including the Partnership.

There has been significant discussion recently regarding enhancing governmental scrutiny and/or increasing the regulation of the private equity industry. On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). While it will likely be quite some time until the Dodd-Frank Act reforms are broadly implemented and the direct

and indirect impact of this legislation is fully understood, it seems clear that most advisers to private equity funds, as well as most hedge funds and other private pools of capital, will be affected. While the Investment Manager is currently registered as an investment adviser under the Advisers Act, the enactment of The Dodd-Frank Act, as well as future related legislation and/or other similar regulations could nonetheless have an adverse effect on the private investment funds industry generally and on the Partnership specifically, and may impede the Partnership's ability to effectively achieve its investment objectives.

Furthermore, various federal, state and local agencies have been examining the role of placement agents, finders and other similar service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information, and in connection therewith, new and/or proposed rules and regulations in this arena may increase the possibility that the General Partner and its affiliates may be exposed to claims and/or actions that could require a Limited Partner to withdraw from the Partnership. As a related matter, the General Partner may be required to provide certain information regarding some of the investors in the Partnership to regulatory agencies and bodies in order to comply with applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act.

As a result, there can be no assurance that any of the foregoing will not have an adverse impact on or otherwise impede the Partnership's ability to effectively achieve its investment objectives.

### **General Economic and Market Conditions**

The real estate industry generally and the success of the Partnership's investment activities will both be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. These factors may affect the level and volatility of investment prices and the liquidity of the Partnership's Investments, which could impair the Partnership's profitability or result in losses. In addition, general fluctuations in interest rates may affect the Partnership's investment opportunities and the value of the Partnership's Investments.

A sustained downturn in the United States' or global economy (or any particular segment thereof) could adversely affect the Partnership's profitability, impede the ability of the Partnership's portfolio entities to perform under or refinance their existing obligations, and impair the Partnership's ability to effectively exit its Investments on favorable terms. Any of the foregoing events could result in substantial or total losses to the Partnership in respect of certain Investments, which losses will likely be exacerbated by the presence of leverage in a portfolio entity's capital structure.

Recent events may indicate that recovery from the recession may be more prolonged. In particular, U.S. financial and global markets have experienced high levels of volatility surrounding the downgrade of the U.S.'s long term sovereign credit rating by Standard & Poor's ("S&P") from AAA to AA+, and certain other macroeconomic events that have been well-publicized, including difficulties of certain European Union member states to service their sovereign debt obligations. Because of the unprecedented nature of these events, the ultimate impacts on global markets are unpredictable and may not be immediately apparent, and may adversely affect the Partnership and its' investments.

The Partnership's strategy in some investments may be based, in part, upon the premise that real estate businesses and assets will be available for purchase by the Partnership at prices which the General Partner considers favorable. Further, the Partnership's strategy relies, in part, upon local market conditions continuing during the term of the Partnership. No assurance can be given that real estate businesses and assets can be acquired at favorable prices or that the market for such assets will recover, or continue to improve, as the case may be, since this will depend, in part, upon events and factors outside the control of the General Partner. In addition, there can be no assurance that current market conditions may not deteriorate during the life of the Partnership, which could have a materially adverse effect on the assets of

the Partnership. Actual or perceived trends in real estate markets do not guarantee, predict or forecast future events, which may differ significantly from those implied by such trends.

### **Financial Market Fluctuations**

General fluctuations in the market prices of securities and interest rates may adversely affect the value of the Partnership's investments and/or increase the risks inherent in the Partnership's investments. The ability of companies, businesses, projects or assets in which the Partnership holds investments to refinance debt securities may depend on their ability to obtain financing, including by selling new securities in the high-yield debt or bank financing markets, which recently have been extraordinarily difficult to access at favorable rates. The precarious state of global credit markets (particularly the U.S. credit markets and S&P's recent U.S. credit downgrade), coupled with the threat of a double-dip recession and the attendant uncertainty for U.S. financial services companies and the global financial system generally, may make it significantly more difficult than it had been in the recent past for financial sponsors to obtain favorable financing terms for its investments. Any further deterioration of the global debt markets (particularly the U.S. debt markets), any possible future failures of certain U.S. financial services companies and a significant rise in market perception of counterparty default risk will likely significantly reduce investor demand and liquidity for investment grade, high-yield and senior bank debt, which in turn is likely to lead some investment banks and other lenders to be unwilling or significantly less willing to finance new investments or to only offer committed financing for investments on less favorable terms than had been prevailing in the recent past. The Partnership's ability to generate attractive investment returns may be adversely affected to the extent the Partnership is unable to obtain favorable financing terms for its investments. In the event that the Partnership is unable to obtain committed debt financing for potential acquisitions or can only obtain debt at an increased interest rate or on unfavorable terms, the Partnership may have difficulty completing otherwise profitable acquisitions or may generate profits that are lower than would otherwise be the case, either of which could lead to a decrease in the investment income earned. The continued market turmoil, coupled with the threat of a double-dip recession, as well as a perceived increase in counterparty default risk, may have an adverse impact on the availability of credit to businesses generally and has led to an overall weakening of the U.S. and global economies, which in turn may adversely affect or restrict the ability of the Partnership to sell or liquidate investments at favorable times or at favorable prices or which otherwise may have an adverse impact on the business and operations of the Partnership. See also "General Economic and Market Conditions" above.

### **General Real Estate Risks**

The Partnership's Portfolio Investments will be subject to the risks incident to the ownership and operation of real estate and/or risks incident to the making of recourse and nonrecourse mortgage loans secured by real estate. Deterioration of U.S. real estate fundamentals will negatively impact the performance of the Partnership. Those risks include, but are not limited to, those associated with both the domestic and international general economic climate, economic uncertainty, local real estate conditions, changes in supply of or demand for competing properties in an area (as a result, for instance, of overbuilding), the financial resources of tenants, availability of credit, energy and supply shortages, various uninsured or uninsurable risks and losses, natural disasters, terrorist attacks and war, the ability of the Partnership or third-party borrowers to manage the real properties, government regulations (such as rent control), changes in building, environmental and other laws, adverse environmental conditions, real property taxes, inflation rates, or interest rates and contingent liabilities on disposition of assets.

With respect to Portfolio Investments in the form of real property owned by the Partnership, the Partnership will incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. Some properties may not create current income, but yet incur expense to the Partnership. With respect to Portfolio Investments in mortgage loans, the Partnership will in large part be dependent on the

ability of third parties to successfully operate the underlying properties. In addition, a portion of the Partnership's mortgage loans may be secured by non-income producing properties. If there is a default on these loans, the Partnership will not receive income from the loan during the period in which it forecloses on the property and attempts to resell it. In addition, certain of the mortgage loans may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time. There is also no assurance that there will be a ready market for resale of Portfolio Investments because investments in real estate generally are not liquid. See "Illiquid and Long-Term Investments" above.

### **Risk of Investments in Debt Instruments Generally**

The Partnership intends to acquire performing debt investments and may acquire not only performing, but sub-performing or non-performing debt interests as well. In addition to the risks of borrower default, the collateral may be mismanaged or otherwise decline in value during periods in which the Partnership is seeking to obtain control of the underlying real estate. In addition, borrowers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce mortgage obligations. If any of the above occurred, the Partnership's ability to make anticipated distributions to the Partners could be delayed or otherwise adversely affected.

The Partnership may also invest in debt instruments that will not be rated by any recognized rating agency. Generally, the value of unrated classes is more subject to fluctuation due to economic conditions than rated classes. Overall credit quality may move up or down frequently within this category. The Partnership's acquisition of credit support classes of securitizations (which generally are expected to be first loss classes) which are unrated at the time of acquisition and which have lower ratings incrementally increase the risk of nonpayment or of a significant delay in payments on these classes. Should assets be downgraded, it may adversely affect their value and may adversely affect the value of the Partnership.

The Partnership may also invest in securities that are subject to early redemption features, refinancing options, pre-payment options, or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Partnership earlier than expected, resulting in a lower return to the Partnership than projected. In many cases, the Partnership's management of its investments and its remedies with respect thereto, including the ability to foreclose on any collateral securing such investments, will be subject to the rights of the senior lenders and contractual inter-creditor provisions. Accordingly, there can be no assurance that the Partnership's rate of return objectives will be realized.

### **Risks of Acquiring Real Estate Loans and Participations**

Real estate loans acquired by the Partnership may be at the time of their acquisition, or may become after acquisition, non-performing for a wide variety of reasons. Such non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial 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. Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control. It is possible that the General Partner and the Investment Manager may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by the Partnership. The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers may contest enforcement of foreclosure by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including, without limitation, 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 or other jurisdictions, foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, a borrower may have the ability to file for

bankruptcy, potentially 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 result in disrupting ongoing leasing and management of the property. In addition, certain of the mortgage loans in which the Partnership invests may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time.

### **Commercial and Residential Mortgage Loans**

The Partnership may invest in commercial mortgage loans, which are secured by multifamily apartments or commercial office and are subject to risks of delinquency and foreclosure, and risks of loss that are greater than similar risks associated with loans made on the security of single-family residential property. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily upon the successful operation of such property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income-producing property can be affected by, among other things: tenant mix, success of tenant businesses, property management decisions, property location and condition, competition from comparable types of properties, changes in laws that increase operating expense or limit rents that may be charged, any need to address environmental contamination at the property, the occurrence of any uninsured casualty at the property, changes in national, regional or local economic conditions and/or specific industry segments, declines in regional or local real estate values, declines in regional or local rental or occupancy rates, increases in interest rates, real estate tax rates and other operating expenses, changes in governmental rules, regulations and fiscal policies, including environmental legislation, acts of God, terrorism, social unrest and civil disturbances.

The Partnership may also invest in residential mortgage loans, which are secured by single-family residential property and are subject to risks of delinquency and foreclosure, and risks of loss. The ability of a borrower to repay a loan secured by a residential property is dependent upon the income or assets of the borrower. A number of factors, including a general economic downturn, acts of God, terrorism, social unrest and civil disturbances, may impair borrowers' abilities to repay their loans. Asset-backed securities are bonds or notes backed by loans and/or other financial assets. The ability of a borrower to repay these loans or other financial assets is dependent upon the income or assets of these borrowers.

In the event of any default under a mortgage loan held directly by the Partnership, it will bear a risk of loss of principal to the extent of any deficiency between the value of the collateral and the principal and accrued interest of the mortgage loan, which could have a material adverse effect on the profitability of the Partnership. In the event of the bankruptcy of a mortgage loan borrower, the mortgage loan to such borrower will be deemed to be secured only to the extent of the value of the underlying collateral at the time of bankruptcy (as determined by the bankruptcy court), and the lien securing the mortgage loan will be subject to the avoidance powers of the bankruptcy trustee or debtor-in-possession to the extent the lien is unenforceable under state law.

### **Mezzanine Loans, B-Notes and Preferred Equity**

Although it will not be part of the Partnership's core holdings, as part of its portfolio the Partnership may invest directly or indirectly in Mezzanine Loans, B-Notes and Preferred Equity (collectively, the "Subordinated Investments"). Entities into which the Partnership makes Subordinated Investments in the form of Mezzanine Loans, B-Notes or Preferred Equity may be unable to pay the interest or dividends due on those Subordinated Investments or meet the applicable repurchase schedules, on all or a portion of the principal amount of such investments, as a result of having other creditors in priority to the Partnership. In the event of the failure of such an entity, all or a portion of the principal of the Partnership's Subordinated Investment could be lost. Equity securities arising from conversion rights attached to Mezzanine Loans or from the exercise of warrants received when the Mezzanine Loans were made may prove valueless or

have a low value. The transfer of unlisted equity securities and quoted equity securities in the period following any floatation is often restricted and, accordingly, prompt realization of such equity securities may not be possible.

Although Subordinated Investments in the form of preferred equity securities are typically senior to common stock or other equity securities, the Mezzanine Loans, B-Notes and Preferred Equity securities in which the Partnership may invest when making Subordinated Investments will generally be unsecured and junior to substantial amounts of senior debt, all or a significant portion of which may be secured. In addition, such loans or securities may not be protected by all of the financial covenants, such as limitations upon additional indebtedness typically protecting senior debt.

In connection with the Partnership's investment in Subordinated Investments, the ability of the Partnership to influence a company's affairs, especially during periods of financial distress or following insolvency, is likely to be substantially less than that of senior creditors. Accordingly, the Partnership may not be able to take the steps necessary to protect such Investments in a timely manner or at all. In addition, certain debt securities in which the Partnership may invest may not be protected by financial covenants, may have limited liquidity and may not be rated by a credit rating agency. Debt securities are also subject to other creditor risks, including (a) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws; (b) so-called lender liability claims by the issuer of the obligations; and (c) environmental liabilities that may arise with respect to collateral securing the obligations. The Partnership's Investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Partnership earlier than expected, resulting in a lower return to the Partnership than projected. In many cases, the Partnership's management of its Investments and its remedies with respect thereto, including the ability to foreclose on any collateral securing such Investments, will be subject to the rights of the senior lenders and contractual inter-creditor provisions. Accordingly, there can be no assurance that the Partnership's rate of return objectives will be realized.

Holders of Subordinated Investments generally are not entitled to receive any payments in bankruptcy or liquidation until senior creditors are paid in full. Holders of Subordinated Investments in the form of preferred equity securities are not entitled to payments until all creditors are paid. In addition, the remedies available to holders of Subordinated Investments are normally limited by restrictions benefiting senior creditors. In the event any entity of which a Subordinated Investment is made cannot provide adequate cash flow to meet senior debt service, the Partnership may suffer a partial or total loss of capital invested.

### **Commercial Mortgage-Backed Securities ("CMBS")**

Although it will not be part of the Partnership's core holdings, as part of its portfolio of Investments, the Partnership may invest directly or indirectly in CMBS. The return on CMBS will relate to a portfolio of commercial mortgages or other indebtedness (underlying loans) secured on properties. The ability to collect amounts due under the underlying loans (and therefore the return on any CMBS) is subject to credit, liquidity and interest rate risks and will generally fluctuate in response to, among other things, market interest rates, general economic conditions, the financial standing of the borrowers who are the recipients of the underlying loans and other similar factors which may or may not affect property values. In addition, in the event of enforcement against a borrower of the underlying loan the ability of the issuer of the CMBS to dispose of the properties on which an underlying loan is secured at a price sufficient to repay the amounts outstanding under the relevant underlying loan will depend upon a number of indeterminable factors, including, inter alia, the availability of buyers for that property and property values in general at that time. The assets of the issuer of the CMBS may be insufficient to meet all claims of holders of CMBS issued by such issuer.

In general, subordinated tranches of CMBS are entitled to receive repayment of principal only after all principal payments have been made on more senior tranches and also have subordinated rights as to



receipt of interest distributions. Such subordinated tranches are subject to a greater risk of non-payment than are senior tranches CMBS or CMBS backed by third-party credit enhancement. In addition, an active secondary market for such subordinated securities is not as well developed as certain other mortgage-backed or other securities. Accordingly, such subordinated CMBS may have limited marketability and there can be no assurance that an efficient secondary market will develop.

Withholding taxes may be imposed on amounts due to be paid to the Partnership as a holder of CMBS. The issuer of the relevant CMBS may not be obliged to gross up or otherwise compensate the Partnership for the lesser amounts it will receive as a result of the imposition of such withholding taxes.

In certain circumstances, through the operation of insolvency laws, an issuer of a CMBS may be able to obtain protection from its creditors for a period of time. During this period, insolvency procedures may not be commenced in relation to the issuer of the CMBS, any security created by the issuer, in respect of CMBS or otherwise, over its assets cannot be enforced and no other legal process can be taken in relation to the issuer except with the consent of a court in the relevant jurisdiction. This may limit the amount and time frame in which the Partnership can receive back all or part of any CMBS.

### **REIT Debt Securities**

Although it will not be part of the Partnership's core holdings, as part of its portfolio of Investments, the Partnership may invest directly or indirectly in REIT debt securities. Investments in REIT debt securities involve special risks relating to the particular REIT issuer of the securities, including the financial condition and business outlook of the issuer. Investments in REIT debt securities are subject to the inherent risks associated with other real estate-related investments, including risks of delinquency and foreclosure, and risks of loss in the event thereof, the dependence upon the successful operation of and net income from real property, risks generally incident to interests in real property and risks specific to the type and use of a particular commercial property.

REIT debt securities are generally unsecured and may also be subordinated to other obligations of the issuer. The Partnership may also invest in REIT debt securities that are rated non-investment grade. As a result, investments in REIT debt securities are also subject to risks of limited liquidity in the secondary trading market, substantial market price volatility resulting from changes in prevailing interest rates, subordination to the prior claims of banks and other senior lenders to the issuer, the operation of mandatory sinking fund or redemption provisions during periods of declining interest rates that could cause the issuer to reinvest premature redemption proceeds in lower yielding assets, the possibility that earnings of the REIT security issuer may be insufficient to meet its debt service and dividend obligations and the declining creditworthiness and potential for insolvency of the issuer of REIT securities during periods of rising interest rates and economic downturn. These risks may adversely affect the value of outstanding REIT debt securities and the ability of the issuers thereof to repay principal and interest or make dividend payments, which in turn may reduce returns to the Partnership.

### **Distressed Securities**

The Partnership's investment program includes making distressed investments (e.g., investments in defaulted, out-of-favor or distressed bank loans and debt securities related to real estate assets). Certain of the Partnership's investments may therefore include securities of companies that typically are highly leveraged, with significant burdens on cash flow, and therefore involve a high degree of financial risk. The Partnership may also make investments in companies that are experiencing financial or operational difficulties or are otherwise out-of-favor. Investment in the securities of financially troubled issuers and operationally troubled issuers involves a high degree of credit and market risk. There is a possibility that the Partnership may incur substantial or total losses on its Investments. During an economic downturn or recession, securities of financially troubled or operationally troubled issuers are more likely to go into default than securities of other issuers. Securities of financially troubled issuers and operationally troubled

issuers are less liquid and more volatile than securities of companies not experiencing financial difficulties.

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

Although it will not be part of the Partnership's core holdings, as part of its portfolio of Investments, the Partnership may acquire direct or indirect interests in undeveloped land or underdeveloped real property, which may often be non-income producing. To the extent that the Partnership invests in such assets, it 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 or environmental approvals, the cost and timely completion of construction (including risks beyond the control of the Partnership, 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 and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the Partnership. 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 that make such development less attractive than at the time it was commenced.

### **Investments with Third Parties in Joint Ventures and Other Entities**

The Partnership may hold non-controlling interests in certain investments or, similarly, may co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring non-controlling interests in certain investments. Although the Partnership may not have control over these investments and therefore, may have a limited ability to protect its position therein, the General Partner expects that appropriate rights will be negotiated to protect the Partnership's interests. Nevertheless, such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party partner or co-venturer may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Partnership, or may be in a position to take (or block) action contrary to the Partnership's investment objectives, as well as the increased possibility of default by, diminished liquidity or insolvency of the third party due to a sustained or general economic downturn.. In addition, the Partnership may in certain circumstances be liable for the actions of its third party partners or co-venturers. The Partnership's ability to seek redress against a partner or manager which acts in a manner contrary to the interests of the Partnership may also be limited. Investments made with third parties in joint ventures or other entities may involve carried interests and/or other fees payable to such third party partners or co-venturers. Any such arrangements will result in lower returns to the Partnership than if such arrangements had not existed.

In addition, although the Partnership will seek to obtain the right to control all material business decisions affecting such joint ventures or other entities in which it invests, there can be no assurance that the Partnership will succeed in obtaining such control. Consequently, the Partnership may be unable to control the timing or occurrence of the leasing or disposition of a property and the returns to the Partnership may be affected.

### **Control Issues**

In certain situations, the Partnership may only acquire a participation in an asset underlying an Investment, and therefore may not be able to exercise control over the management of such Investment. In certain other situations, the Partnership may exercise control over an Investment. The exercise of control over an entity can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in

which the limited liability characteristics of business ownership may be ignored. If these liabilities were to arise, the Partnership might suffer a significant loss.

### **Bridge Financings**

From time to time, the Partnership may make short-term, unsecured loans to the Partnership's investments in anticipation of a future issuance of equity or long-term debt securities or other refinancing. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within the Partnership's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Partnership.

### **Inability to Refinance Investment**

If the Partnership makes an investment in a transaction with the intent of refinancing a portion of the equity investment, there is a risk that the Partnership will be unable to complete successfully the refinancing. There is also a risk that certain investments with financing in place may be difficult or impossible to refinance when the loan matures. The inability to complete a refinancing or to complete one as quickly as originally planned would lead to increased risk as a result of the Partnership having a larger long-term investment than expected and reduced diversification. In addition, if a loan matured before refinancing could be procured, the lender could foreclose on the collateral and the Partnership might suffer losses as a result of that foreclosure.

### **Bankruptcy Considerations**

Investments made in assets operating in workout modes or under bankruptcy, insolvency or other debtor-protection codes could, if the Partnership inappropriately exercises control over the management and policies of the debtors, be subordinated or disallowed, and the Partnership could be liable to third parties in such circumstances. Furthermore, distributions made to the Partnership in respect of such investments, and distributions by the Partnership to the Partners, could be recovered if such distributions are found to be a fraudulent conveyance or preferential payment or the equivalent under the laws of certain jurisdictions. Bankruptcy laws may delay the ability of the Partnership to realize on collateral for loan positions held by it or may adversely affect the priority of such loans through doctrines such as equitable subordination or may result in a restructure of the debt through principles such as the "cramdown" provisions of the bankruptcy laws.

### **Leverage**

The Partnership may borrow on a secured or unsecured basis for any purpose, including to make any investments and to increase investment capacity, pay fees and expenses or to make other distributions. Although the Partnership does not intend to employ significant leverage at the Partnership level, the Partnership may achieve leverage in certain transactions, and such leverage may fluctuate depending on market conditions. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the investments purchased or carried. Gains realized with borrowed funds may cause the Partnership's returns to be higher than would be the case without borrowings. If, however, investment results fail to cover the cost of borrowings, the Partnership's returns could also decrease faster than if there had been no borrowings. Further, such leverage will increase the exposure of an investment to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the investment. If the Partnership defaults on secured indebtedness, the lender may foreclose and the Partnership could lose its entire investment in the security for such loan. In addition, borrowings by the Partnership may be secured by the Limited Partners' Capital Commitments as well as by the Partnership's assets. Further, to the extent income received from investments is used to make interest and principal payments on such borrowings, Limited Partners may be allocated income, and

therefore tax liability, in excess of cash received by them in distributions. The presence of leverage substantially increases the risk profile of the Partnership and its investments. See Section IX—“Detailed Summary of Terms—Partnership Borrowing.”

The Partnership’s use of borrowings to create leverage may subject the Partnership to additional risks. For example, depending on the type of facility, a decrease in the market value of the Partnership’s investments would increase the effective amount of leverage and could result in the possibility of a “margin call,” pursuant to which the Partnership must either deposit additional funds or securities with the lender or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in the value of the Partnership’s assets, the Partnership might not be able to liquidate assets quickly enough to pay off its debt. The extent to which the Partnership uses leverage may have the following consequences to the Partners, including, but not limited to: (a) greater fluctuations in the net assets of the Partnership; (b) use of cash flow for debt service, distributions, or other purposes; and (c) in certain circumstances the Partnership may be required to prematurely harvest investments to service its debt obligations. There can also be no assurance that the Partnership will have sufficient cash flow to meet its debt service obligations. As a result, the Partnership’s exposure to losses may be increased due to the illiquidity of its investments generally.

### **Limited Information**

The Partnership may not receive access to all available information to fully determine the origination, credit appraisal, and underwriting practices utilized with respect to the investments or the manner in which the investments have been serviced and/or operated.

### **Expedited Transactions**

Investment analyses and decisions by the General Partner and the Investment Manager may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the General Partner and the Investment Manager at the time of making an investment decision may be limited, and they may not have access to detailed information regarding the investment. Therefore, no assurance can be given that the General Partner and the Investment Manager will have knowledge of all circumstances that may adversely affect an investment. In addition, the General Partner and the Investment Manager often expect to rely upon independent consultants or the resources at various companies with which the Managers were previously associated in connection with its evaluation of proposed investments. No assurance can be given as to the accuracy or completeness of the information provided by such independent consultants and the Partnership may incur liability as a result of such consultants’ actions.

### **Availability of Insurance Against Certain Catastrophic Losses**

With respect to properties acquired by the Partnership, liability, fire, flood, extended coverage insurance with insured limits and policy specifications that the General Partner or the Investment Manager believes are customary for similar properties will be maintained. However, certain losses of a catastrophic nature, such as wars, natural disasters, terrorist attacks or other similar events, may be either uninsurable or, insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Most 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 for a property. As a result, not all investments may be insured against terrorism. If a major uninsured loss occurs, the Partnership could lose both invested capital in and anticipated profits from the affected investments.

## **Risks of Litigation**

Investing in distressed securities can be a contentious and adversarial process. Different investor groups may have qualitatively different, and frequently conflicting, interests. The Partnership's investment activities may include activities that are hostile in nature and will subject it to the risks of becoming involved in litigation by third parties. This risk may be greater where the Partnership exercises control or significant influence over a company's direction. The expense of defending claims against the Partnership by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Partnership and would reduce net assets and could require the Partners to return distributed capital and earnings to the Partnership. The General Partner and the Investment Manager are both indemnified by the Partnership in connection with such litigation, subject to certain conditions.

## **Environmental Liabilities**

The Partnership may be exposed to substantial risk of loss arising from investments involving undisclosed or unknown environmental, health or occupational safety matters, or inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. Under various federal, state and local laws, ordinances and regulations, 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 may impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability may also be imposed 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 the owner's liability therefore 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 the Partnership's return from such investment. Environmental claims with respect to a specific investment may exceed the value of such investment, and under certain circumstances, subject the other assets of the Partnership to such liabilities. In addition, some environmental laws create a lien on contaminated property in favor of governments or government agencies for costs they may incur in connection with the contamination.

The ongoing presence of environmental contamination, pollutants or other hazardous materials on a property (whether known at the time of acquisition or not) could also result in personal injury (and associated liability) to persons on the property and persons removing such materials, future or continuing property damage (which may adversely affect property value) or claims by third parties, including as a result of exposure to such materials through the spread of contaminants.

In addition, the Partnership's operating costs and performance may be adversely affected by compliance obligations under environmental protection statutes, rules and regulations relating to investments of the Partnership, including additional compliance obligations arising from any change to such statutes, rules and regulations. Statutes, rules and regulations may also restrict development of, and the use of, property. Certain clean-up actions brought by federal, state, county and local agencies and private parties may also impose obligations in relation to investments and result in additional costs to the Partnership.

## **Diversification**

Although the Partnership intends to have certain diversification limitations (the Partnership intends not to invest more than 15% of the aggregate Capital Commitments of all Limited Partners in any single investment, except in the limited circumstances described below), to the extent the Investment Manager concentrates the Partnership's investments in a particular market, the Partnership's portfolio may become more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting that particular market. In addition, up to 25% of the aggregate amount of Capital Commitments may be

invested in any one investment if the General Partner believes in good faith that the Capital Contributions invested in such investment can be reduced to no more than 15% of the aggregate Capital Commitments within two years from the date of the initial investment therein. In these circumstances and in other transactions where the General Partner intends to refinance all or a portion of the capital invested, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of the Partnership having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

### **Currency Risk**

Foreign investors may experience currency risk with respect to their investment in the Partnership. The value of the U.S. dollar fluctuates and it may change in relation to the value of other currencies around the world. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment, capital appreciation and political developments.

### **Hedging Policies/Risks**

In connection with the financing of certain investments, the Partnership may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Partnership 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 for the Partnership than if it had not entered into such hedging transactions. The General Partner does not in the ordinary course of business expect to hedge currency risks.

### **Troubled Origination**

The Partnership's investments may have been originated by financial institutions that are insolvent, in serious financial difficulty, or no longer in existence. As a result, the standards by which such investments were originated, the recourse to the selling institution, or the standards by which such investments are being serviced or operated may be adversely affected.

### **Potential of No Current Income**

The Partnership's investment policies should be considered speculative, as there can be no assurance that the General Partner's assessments of the short-term or long-term prospects of investments will generate a profit. In view of the fact that the Partnership may not make distributions (other than annual tax distributions), an investment in the Partnership is not suitable for investors seeking current income for financial or tax planning purposes.

### **Liability of Partners**

The General Partner has unlimited liability for all debts and obligations of the Partnership. The total liability of a Limited Partner is limited to the amount of its Capital Commitment, unless in certain circumstances where such Limited Partner was involved in the management or otherwise engaged in the business of the Partnership or externally represented the Partnership. Any Limited Partner's Capital Commitment is susceptible to risk of loss as a result of any liability of the Partnership irrespective of whether such liability is attributable to an investment to which such Limited Partner did not contribute any capital. If the Partnership is otherwise unable to meet its obligations, the Limited Partners may, under Delaware law or other applicable law, be obligated to return, with interest, distributions previously received by them pursuant to any applicable rules regarding fraudulent conveyances to the Partnership or

to creditors whose interests have been injured. In addition, a Limited Partner may be liable under applicable bankruptcy law to return a distribution made during the Partnership's insolvency.

### **Uncertainty of Financial Projections**

The General Partner will generally establish the capital structure of portfolio entities on the basis of financial projections for such portfolio entities. Projected operating results will often be based on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

### **Indemnification**

The Partnership will be required to indemnify the General Partner, the Investment Manager, their respective affiliates and the respective members, partners, shareholders, officers, directors, employees, agents and representatives thereof for liabilities incurred in connection with the affairs of the Partnership. Members of the Advisory Committee will also be entitled to the benefit of certain indemnification and exculpation provisions as set forth in the Partnership Agreement. Such liabilities may be material and have an adverse effect on the returns to the Limited Partners. The indemnification obligation of the Partnership would be payable from the assets of the Partnership, including the Unfunded Commitments of the Limited Partners. If the assets of the Partnership are insufficient, the General Partner may recall the distributions previously made to the Limited Partners, subject to certain limitations set forth in the Partnership Agreement. The General Partner may cause the Partnership to purchase insurance for the Partnership, the General Partner, the Investment Manager and their employees, agents and representatives.

### **Public Disclosure and FOIA**

To the extent that the General Partner determines in good faith that, as a result of the U.S. Freedom of Information Act ("FOIA"), any governmental public records access law, any state or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement, a Limited Partner or any of its affiliates may be required to disclose information relating to the Partnership, its affiliates, and/or any entity in which an investment is made (other than certain fund-level, aggregate performance information described in the Partnership Agreement), the General Partner may, in order to prevent any such potential disclosure, withhold all or any part of the information otherwise to be provided to such Limited Partner. Conversely, potential future regulatory changes applicable to investment advisers and/or the accounts they advise could result in the Manager and/or the Partnership becoming subject to additional disclosure requirements the specific nature of which is as yet uncertain.

### **Contingent Liabilities on Disposition of Investments**

In connection with the disposition of an investment, the Partnership may be required to make representations about such investment. The Partnership also may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities for which the General Partner may establish reserves or escrow accounts. In that regard, Limited Partners may be required to return amounts distributed to them to fund obligations of the Partnership, including indemnity obligations, subject to certain limitations set forth in the Partnership Agreement. Furthermore, under the Delaware Revised Uniform Limited Partnership Act, each Limited Partner that receives a distribution in violation of such Act will, under certain circumstances, be obligated to re-contribute such distribution to the Partnership.

## **ECI**

Certain Regulatory, Tax and ERISA Considerations—United States Federal Income Taxation – Non-U.S. Limited Partners, certain investments made by the Partnership in the United States may cause the Partnership to be considered engaged in a U.S. trade or business for U.S. federal income tax purposes. As a result, income of the Partnership from such investments may be treated as effectively connected income with such trade or business for such purposes (“ECI”). Non-U.S. Limited Partners must generally file U.S. federal income tax returns and pay U.S. federal income tax with respect to ECI of the Partnership allocable to them. In addition, regardless of whether the Partnership’s activities constitute a trade or business, under provisions added to the Code by the Foreign Investment in Real Property Tax Act of 1980 (“FIRPTA”), gain derived by the Partnership from the disposition of U.S. real property interests (including interests in certain entities owning U.S. real property interests) is generally treated as ECI. Thus, Non-U.S. Limited Partners that invest in the Partnership should be aware that a significant portion of the Partnership’s income and gain from U.S. Investments may be treated as ECI and thus may cause the Non-U.S. Limited Partners to be subject to U.S. federal income tax (and possibly state and local income tax) with respect to their share of such income and gain. The Partnership has no obligation to minimize ECI; however, Non-U.S. Limited Partners who do not wish to be treated as engaged in a U.S. trade or business and to file U.S. tax returns and pay U.S. tax directly may be offered the opportunity to make their commitments to a Parallel Vehicle.

## **UBTI**

While the Partnership intends to consider the amount of “unrelated business taxable income (“UBTI”) recognized by tax-exempt investors into account when structuring its acquisitions of real estate, the General Partner may be required to make certain decisions in order to maximize pre-tax returns that result in tax-exempt Limited Partners recognizing more UBTI than might otherwise be the case. In some cases, the General Partner may forego certain actions with regard to acquisition, management, and disposition which would have reduced UBTI because the exercise of such options would have reduced overall pre-tax returns to all Limited Partners.

## **Risks from the Provision of Managerial Assistance**

The General Partner will use reasonable efforts to avoid having the assets of the Partnership constitute “plan assets” of any plan subject to Title I of ERISA or Section 4975 of the Code and may, in this regard, elect to operate the Partnership as a “venture capital operating company” (“VCOC”) or a “real estate operating company” (“REOC”), each within the meaning of regulations promulgated under ERISA. Operating the Partnership as a VCOC or REOC would require that the Partnership obtain rights to substantially participate in or influence the conduct of the management of a number of the Partnership’s Portfolio Investments. The Partnership may designate a director to serve on the board of directors of one or more Portfolio companies as to which it obtains such rights. The designation of directors and other measures contemplated could expose the assets of the Partnership to claims by a Portfolio company, its security holders and its creditors. While the General Partner intends to minimize exposure to these risks, the possibility of successful claims cannot be precluded.

## **ERISA Considerations**

In the event the Partnership is operated to qualify as a VCOC or REOC in order to avoid holding “plan assets” within the meaning of ERISA, the Partnership may be restricted or precluded from making certain investments. In addition, it could be necessary for the General Partner to liquidate Partnership investments at a disadvantageous time in order to avoid holding ERISA “plan assets,” resulting in lower proceeds to the Partnership than might have been the case without the need to qualify as a VCOC or REOC.



## **Certain Proposed Federal Income Tax Legislation**

The Obama administration has recently proposed legislation and Congress has previously considered proposed legislation that would treat carried interests as ordinary income for U.S. federal income tax purposes. Enactment of any such legislation could adversely affect employees or other individuals performing services for the Partnership who hold direct or indirect interests in the General Partner and benefit from carried interest, which could make it more difficult for the General Partner and its affiliates to incentivize, attract and retain individuals to perform services for the Partnership.

## **Legal, Tax and Regulatory Risks**

The Partnership must comply with various legal requirements, including those imposed by securities laws, tax laws and pension laws. Should any of such laws change over the scheduled term of the Partnership, the legal requirements to which the Partnership and the Partners may be subject could differ materially from the current requirements and adversely affect the Partners.

## ***Item 9 – Disciplinary Information***

The firm and its employees have not been involved in adverse legal proceeding or disciplinary events related to past or present Clients or Investor/Owners or Joint Venture Partners.

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

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### **Brokerage Affiliations**

The Investment Manager has no brokerage affiliations.

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### **Affiliations**

The Investment Manager is not registered as a securities broker-dealer and does not have an application pending as such.

The related parties of the Investment Manager are significant owners of the general partner of the Real Estate Opportunity Capital Fund LP and also the ROC International Fund, LP and also of the ROC International (AIV), LP. The related parties to the Investment Manager will also be a significant owner of the General Partner of the Real Estate Opportunity Capital Fund II LP, scheduled to be available for investment in the spring of 2012 and also the ROC International Fund II, LP and also the ROC (AIV) Fund II, LP.

Bridge Investment Group, LLC (“Bridge”) is a related party of the Investment Manager. Bridge was founded in 1992 and since that time has been recognized as one of the leading real estate teams in the acquisition, development, financing, management and disposition of multifamily apartment and commercial office properties in the western U.S. Bridge is an affiliate and indirect owner of the Investment Manager and an owner of the General Partner.

Bridge Property Management, LLC (“BPM”) is a property management company started 19 years ago that currently manages the majority of ROC I investments in addition to separately managing over 10,000 multi-family apartment units and approximately 467,000 ft<sup>2</sup> of commercial office space, which are owned by other funds, institutional capital aggregators and individual investors. BPM is a sister company of the Investment Manager as BPM is wholly-owned by the parent of the Investment Manager. BPM currently

employs over 400 full time real estate professionals, in over 40 unique sub-markets across the U.S. This currently includes 48 property managers, 90 leasing agents and over 270 on-site personnel providing property maintenance and operations. The network is well versed in the local markets, allowing the Investment Manager to rely upon the network to provide objective assessments of potential investment opportunities and local intelligence (such as, leasing activity, sub-market occupancy, valuation, employment and demographic trends, local government redevelopment initiatives, capital improvement needs and physical security issues).

Bridge Stabilized Apartment Investments, LLC (“BSAI”) primary business is to identify, analyze and evaluate stabilized apartment joint venture investments. BSAI is a sister company of the Investment Manager as it is wholly-owned by the parent of the Investment Manager.

Bridge Realty Capital, LLC (“BRC”) is a mortgage and debt placement company and is a wholly-owned subsidiary of Bridge. BRC acquires debt financing for portfolio investments of ROC I and ROC II. BRC is an affiliate of the Investment Manager.

### ***Item 11 - Code of Ethics, Participation Interest in Client Transactions, Personal Trading***

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#### **Code of Ethics**

The Investment Manager has adopted a Code of Ethics which establishes standards of conduct for its supervised persons. The Code of Ethics includes general requirements that such supervised persons comply with their fiduciary obligations to Clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to report their personal securities transactions and holdings quarterly to the Investment Manager’s Compliance Officer. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Investment Manager’s Compliance Officer. Prospective investors may obtain a copy of the Investment Manager’s Code of Ethics by contacting the Compliance Officer of the Investment Manager.

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#### **Participation or Interest in Client Transactions [Update with 1031 language]**

The General Partner may, in its sole and absolute discretion, provide co-investment opportunities alongside the Partnership and any Parallel Vehicles in one or more of the real estate investments to certain persons such as Limited Partners or third parties, Joint Venture Partners, though it is not obligated to do so. The terms of any such co-investment, including the fees and carried interest applicable thereto, if any, will be negotiated by the General Partner and the Joint Venture Partner on a case-by-case basis in their respective sole and absolute discretion. The carried interest and management fees payable by the Joint Venture Partner, if any, may be calculated solely with respect to such co-investment. Because the Investment Manager does not manage publicly traded investments and is focused only on privately offered real estate holdings and real estate limited partnerships the Investment Manager therefore does not restrict its members, officers and employees when purchasing public securities for their personal account.

Affiliates manage and advise ROC I, and its related vehicles, which has objectives substantially similar to those of the Partnership. Affiliates also manage and advise certain real estate investments under U.S. Treasury Regulation Section 1031. In some instances, co-investment opportunities may be made available to and shared with Affiliates. Thus not all amounts available to the Partnership relating to an investment will be presented to the Partnership and conflicts may arise with respect to the allocation of investment opportunities. Investment opportunities generally will be allocated amongst these entities on a basis that

in good faith to be fair and reasonable, including the consideration of the deployment of remaining available capital of each, concentration limits, reserve requirements and objectives suitability. By their nature, U.S. Treasury Regulation Section 1031 investments mature or are sold from time-to-time, and the proceeds must be redeployed within a given time frame and in certain structures, thus there may be conflicts as to tenor and timing amongst these entities and source of funds. In any event, the Partnership will always maintain majority ownership and operational control a particular investment in which any Affiliate co-invests.

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**Personal Trading**

The Chief Compliance Officer of the Investment Manager, John Pennington, will collect and store employee trades/positions each quarter. However, no conflicts are prevalent as the securities in which the Investment Manager advises are private offerings and are not publicly traded.

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***Item 12 - Brokerage Practices***

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**Brokerage Selection and Soft Dollars**

The nature of the Investment Manager's business does not require the selection of brokers/dealers to be used. The Investment Manager *does not* receive fees or commissions from any broker/dealer arrangements.

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**Order Aggregation**

Order Aggregation for the clients is non-applicable based on the nature of the Investment Managers business and management.

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**Directing Brokerage for Client Referrals**

The Investment Manager does not receive any commissions or compensation from broker/dealers for Investor/Owner referrals.

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**Directed Brokerage**

The Investment Manager does not receive commissions or compensation from broker/dealers for any reason.

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***Item 13 - Review of Accounts***

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**Periodic Reviews**

Limited Partners may review their individual quarterly reports or annual audited financial reports with the Investment Manager on an as needed basis. Also, Limited Partners in a particular privately offered limited partnership are welcome to attend the weekly investment underwriting meeting via the world wide web or in person.

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**Review Triggers**

Accounts are reviewed quarterly or more frequently when market conditions dictate. Other conditions that may trigger a review are changes in the tax laws, new investment information.

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**Regular Reports**

The General Partner will deliver audited annual reports to Limited Partners, and will provide unaudited statements every quarter until the disposition of a Fund's portfolio investments is complete. Deloitte & Touche and Cortland Capital Market Services have been appointed, respectively, as the Fund's auditor and fund administrator. These appointments may change at the discretion of the Investment Manager or General Partner.

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***Item 14 - Client Referrals and Other Compensation***

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**Incoming Investor/Owner Referrals**

The Investment Manager receives potential investor referrals which may come from current limited partners, clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals unless they are a fully licensed broker dealer or have a written solicitation agreement with the Investment Manager and such compensation terms of the compensation are disclosed to the Investor/Owners before an investment is made.

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**Referrals to Third Parties**

The Investment Manager does not accept referral fees or any form of remuneration from other professionals when a prospect or potential investor is referred to them.

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***Item 15 - Custody***

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**Custody Policy**

The amended and revised Rule 206(4)-2 of the Advisers Act sets forth extensive requirements regarding possession or custody of limited partner and joint venture partner funds or securities. The Rule requires advisers that have custody of limited partner and joint venture partner securities or funds to implement a set of controls designed to protect those limited partner and joint venture partner assets from being lost, misused, and misappropriated or subject to financial reverses.

Advisers with custody of limited partner and joint venture partner funds and securities must maintain them with "Qualified Custodians." "Qualified Custodians" under the amended rule include banks and savings associations and registered broker-dealers. The Investment Manager does not maintain direct custody or possession of any of its limited partner's and joint venture partner s funds or securities.

The Investment Manager currently uses Cortland Capital Market Services as Fund Administrator and Wells Fargo Bank, US Bank, and KeyBank as cash custodians. Through this arrangement with Cortland and Wells Fargo, US Bank, and KeyBank each provide among other things regular periodic statements.

The rule requires that advisers with custody of limited partner and joint venture partner's funds or securities have a reasonable belief that a Qualified Custodian holding the assets provides periodic account statements to those limited partner(s) and joint venture partner(s).

However, advisers need not comply with these quarterly reporting requirements of the rule for pooled investment vehicles, such as limited partnerships or limited liability companies, if the pooled investment vehicle (i) is audited at least annually, and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all limited partners (or members or other beneficial owners) within 120 days of the end of the fiscal year of the pooled investment vehicle.

Annually, upon completion of the annual audit, The Investment Manager will distribute the audited financials along with copies of its Privacy Notice and the Adviser's Brochure or Form ADV Part 2.

General Partner shall use best efforts to ensure that all limited partnerships' audited financials are delivered to all Limited Partners within 120 days of the fiscal year end. The Investment Manager has adopted the appropriate policies and procedures to monitor and supervise this relationship. Limited partner and joint venture partner assets are protected by real estate transactions. The Investment Manager has also retained an independent firm to perform a surprise audit and internal controls report as prescribed by Rule 206(4)-2 of the 1940 Investment Advisers Act as amended.

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### **Account Statements**

All real estate assets (such as trust deeds and secured promissory notes) are held by the General Partner and the Limited Partners are provided account statements not less than quarterly at their address of record. While the SEC's Custody Rule requires that all assets are to be held at qualified custodians and that the custodians provide account statements not less than quarterly to Investor/Owners and Joint Venture Partners at their address of record, the nature of the Investment Manager's business are limited to interests in real estate partnerships and as such the assets are held in trust deed form or secured promissory note form and normally have a title insurance policy. Therefore, such guarantee of ownership is held through reputable title insurance companies and at the offices of the General Partner. Investors/Owners and Joint Venture Partners are provided quarterly financial statements provided through a third party fund administrator and yearly audited financial statements are provided by a nationally recognized accounting firm.

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### **Performance Reports**

Pursuant to recent amendments to Rule 206(4) under the Investment Advisers Act of 1940, the Securities and Exchange Commission now requires advisers to urge Investor/Owners to compare the information set forth in their statement from the adviser with the statements received directly from the third party auditor to ensure accuracy of all account transactions.

### ***Item 16 - Investment Discretion***

The general partner has exclusive and absolute discretion and authority in controlling the investments and affairs of the limited partnerships that the Investment Manager manages. The general partner may only invest in such investment strategies as written in the private placement memorandum of each limited partnership and is restricted to such discretion. The general partner may exercise this discretion and authority conditionally or unconditionally, arbitrarily, or inconsistently in varying or similar circumstances. For example, The Investment Manager or general partner may provide certain limited partners more frequent or more detailed reports of an investor's portfolio holdings or performance, special fee and allocation arrangements and special withdrawal rights that it does not provide to other Limited Partners.

***Item 17 - Voting Client Securities***

The nature of the Investment Manager's business does not warrant this type of responsibility and therefore this Item 17 is non-applicable.

***Item 18 - Financial Information***

The Investment Manager does not have any financial impairment that will preclude the firm from meeting contractual commitments to Clients. The Investment Manager meets all net capital requirements that it is subject to and the Investment Manager has not been the subject of a bankruptcy petition in the last 10 years.

The Investment Manager manages the various limited partnerships but does not take custody of the assets or the capital. Assets and capital are held by each limited partnership(s) through the direction of the general partner(s). Therefore the Investment Manager is not required to provide a balance sheet as it does not serve as a custodian nor does it require prepayment of fees of more than \$1,200 [\$500 for state advisers] per Investor/Owner, for six months or more in advance.

***Business Continuity Plan***

The Investment Manager has a business continuity plan in place that provides steps to mitigate and recover from the disruption and loss of office space, communications, services or key people.

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**Disasters**

The business continuity plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage, internet outage, railway accident and aircraft accident. Electronic files are backed up regularly and archived offsite.

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**Alternate Offices**

Alternate locations are identified to support ongoing operations in the event the main office is unavailable. It is our intention to contact all Investor/Owners within fifteen days of a disaster that dictates moving our office to an alternate location.

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**Summary of Business Continuity Plan**

A summary of the business continuity plan is available upon request to ROC|Bridge Partners, LLC; Attention: John Pennington, Chief Compliance Officer, 5295 Commerce Dr. #100, Murray Utah 84107.

***Information Security Program***

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**Information Security**

The Investment Manager maintains an information security program to reduce the risk that Investor/Owners personal and confidential information may be breached.

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**Privacy Practices / Privacy Policy**

Below is a summary of the Investment Manager's privacy policy regarding Investor/Owner and Joint Venture Partner personal information. A complete version of the privacy policy is contained in your Investor/Owner and joint venture agreements and may be obtained by contacting the Compliance Officer of the Investment Manager.

**Summary of Investment Manager's privacy policy**

As required under the U.S. Federal Trade Commission's "Privacy of Consumer Financial Information Rules", we are providing this notice to certain of our investors in order to inform you of our privacy policies and practices with respect to the use and sharing of your nonpublic personal information.

In connection with the formation and ongoing activities of our private investment funds, we may collect and maintain nonpublic information about you from the following sources: Information we receive from you on subscription agreements, investor questionnaires or other forms that you submit to us or contracts that you enter into with us; Information about your transactions with us, our affiliates or others; and Information obtained from meetings and telephone conversations with you.

We may disclose such nonpublic personal information about you to nonaffiliated third parties as permitted by law and in accordance with the agreements governing your investment in the Partnership, including: Other service providers to the Partnership, such as accounting, legal or tax preparation services; Other partners and potential investors in the Partnership; and Transfer agents, portfolio investments, brokerage firms and the like, in connection with any investment or disposition.

**Information Safeguarding Policy**

We restrict access to nonpublic personal information about you to those of our employees and agents who need to know the information to enable us to provide our services to you. We maintain physical, electronic and procedural safeguards that we believe are reasonably designed to guard your nonpublic personal information while it is within our control.

Firm

# Brochure

Part 2B of Form ADV

~~Item 1~~–Cover Page

ROC|Bridge Partners, LLC

5295 Commerce Dr. #100

Murray, Utah 84107

801-716-4553 phone

801-716-4519 fax

[www.ROC-Bridge.com](http://www.ROC-Bridge.com)

This brochure provides information about principals and adviser representatives of **ROC|Bridge Partners, LLC** and this brochure supplements the ROC|Bridge Partners, LLC brochure Part 2. Please contact John Pennington at 801-716-4553, or by email at: [John@ROC-Bridge.com](mailto:John@ROC-Bridge.com) if you did not receive or if you have any questions about the contents of this supplement. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about any of the persons mentioned below is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



# Form ADV Part 2B

## *Professional Certifications / Education / Business Background*

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**Name:** Robert Morse

**Title:** Chairman / Investment Management Committee

**Date of Birth:** June 28, 1955

### **Educational Background:**

Economics Bachelor degree from Yale University, 1977

Masters of Business Administration from Harvard University, 1981

Law degree from Harvard University, 1981

### **Professional Certifications:**

Completed the following examinations to be a qualified Registered Principal of the US Financial Industry Regulatory Authority (FINRA):

- Formerly held a Series 7, Series 63 and Series 24. – General Representative, Uniform Securities Agent State Law and General Securities Principal

Completed, in July 2011, the following examinations under the Hong Kong Securities and Futures Commission:

- Fundamentals of Securities and Futures Regulations
- Regulation of Securities

### **Business Experience:**

- (2009 – present) Chairman/Co-CEO - Primus|PMN Capital (H.K.) Limited
- (2009 – present) Chairman- ROC I and ROC II Investment Management Committee
- (1985 – 2008) Salomon Brothers, Salomon Smith Barney, Citi(New York & Hong Kong)
- (2004 – 2008) CEO – Citi Asia Institutional Client Group
- (1999 – 2004) Global Head of Investment Banking, Salomon Smith Barney New York
- (1997 – 1999) CEO, Salomon Brothers Asia – Hong Kong
- (1994 – 1997) Global Head of Natural Resources – NY, Investment Banking
- (1992 – 1994) Managing Director – NY, Investment Banking
- (1988 – 1992) Director – NY, Investment Banking
- (1985 – 1988) Vice President – NY, Investment Banking
- (1981 – 1985) Shearson Lehman (New York)
- (1981 – 1985) Associate – NY, Investment Banking

Mr. Morse brings 30 years of experience in investment banking, mergers and acquisitions, commercial banking and private equity fund management. Examples of this experience include the following:

- Mr. Morse is Managing Director, Chairman and Co-Chief Executive Officer of PMN Capital, Ltd.

- Since inception of ROC I, Mr. Morse has been integrally involved, not only at the macro level of formation, management, strategy and capitalization, but also weekly participation in all investment decisions made for ROC I.
- Mr. Morse provided direct management oversight of Citigroup's US\$5 billion of proprietary capital, which earned an annual return of approximately 30%, after firm-imposed capital charges. Investments were made across multiple asset classes, including equities (public and private), corporate acquisitions, distressed and mezzanine debt and real estate.
- Mr. Morse previously served as CEO of Citigroup's Asia Institutional Clients Group from 2004-2008. Citigroup's Asian institutional businesses included corporate banking, investment banking, markets and transaction services in 17 countries employing over 14,000 employees.
- During Mr. Morse's tenure, Citigroup was awarded the 'Best Bank in Asia' award annually by FinanceAsia, EuroMoney and The Asset magazines and client surveys. From 2004 through 2007, Citigroup's institutional revenue in Asia increased from US\$3.4 billion to US\$6.5 billion, and net income from US\$1.3 billion to US\$2.6 billion.
- Under Mr. Morse's leadership Citigroup completed and integrated several regional acquisitions; including Koram Bank in Korea, a 20% interest and management responsibility in Guangdong Development Bank, Bank of Overseas Chinese in Taiwan and a 12% interest in HDFC in India.
- Prior to his position as CEO of Citigroup's Asia Institutional Client's Group, Mr. Morse served as the Head of Global Investment Banking for Citigroup, based in New York. Earlier, he held a variety of increasingly senior positions since he joined Salomon Brothers in 1985.
- Additionally, Mr. Morse was a co-founder of SSB Capital Partners, a 2000 vintage US\$400 million private equity fund which to-date has returned 2.6X, at a CAR of 38%.

Arbitration Claims: NONE

Self-Regulatory Organization or Administrative Proceeding: NONE

Bankruptcy Petition: NONE

Disciplinary Information: NONE

Additional Compensation and Potential Conflicts: see below

**Other Business Activities:**

- Chairman and Co-CEO, Primus|PMN Capital (H.K.) Limited: It does not conflict with the activities of the Investment Manager.
- PMN Capital is a private equity firm that indirectly holds a 40% stake in the Investment Manager.

**Additional Compensation:** None

**Supervision:** Robert Morse is the Chairman of the Board and reports to the shareholders.

**Professional Certifications - Education - Business Background**

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**Name:** Donaldson Lee Hartman

**Title:** Chief Executive Officer

**Date of Birth:** July 2, 1964

**Educational Background:**

Economics Bachelor of Science degree from Brigham Young University, 1989

Masters of Business Administration from Northwestern University, Kellogg School of Management, 1994

**Professional Certifications:**

Former NASD member broker whilst working at S.G. Warburg, UBS Warburg, Salomon Brothers, then Salomon Smith Barney. (1992 – 2000)

**Business Experience:**

- (2007 – 2011) CEO – Real Estate Opportunity Capital Fund LP, Salt Lake City UT.
- (2006 – 2007) COO – Bridge Loan Capital Fund LP, Salt Lake City, UT.
- (2003 – 2006) SVP – Zions Bancorporation. Salt Lake City, UT
- (1997 – 2002) Deputy Head and Director of Asia Pacific region's Financial Institutions Group of Citigroup – Salomon Smith Barney. Hong Kong, Bangkok
- (1994 – 1997) – Regional Banks Analyst, Asia Pacific – UBS Warburg. Bangkok
- (1990 – 1992) Vice President – Community Bank. Mergers & Acquisitions. Pasadena, CA
- (1989 – 1990) Financial Analyst – Citibank N.A., Mergers & Acquisitions. Los Angeles, CA

Mr. Hartman has 22 years of experience in mergers and acquisitions, investment banking, commercial banking and private equity fund management. Examples of this experience include the following:

- Mr. Hartman is co-founder of ROC I, has overseen capital raising, the establishment and implementation of all fund investment strategies, policies and procedures since inception.
- Prior to founding ROC I in 2008, Mr. Hartman was COO of Bridge Loan Capital Fund LP, a mezzanine fund focused on the acquisition and extension of real estate-backed debt. He managed bank relationships and due diligence efforts, including site inspections. He was responsible for setting and managing operating policies and procedures.
- Prior to that, he managed private funds invested in distressed Asian financial institutions equities and real estate backed notes and assets.
- From 1994 to 2002, Mr. Hartman resided in Asia, where he acted as Deputy Head and then Director of Asia Pacific region's Financial Institutions Group of Citigroup – Salomon Smith Barney.
- There he played a leading role in the completion of billions of dollars of public offerings during the Asian financial crisis of the late 90's.
- During that time period, he also advised central banks in Asia on financial system restructuring and regulatory policies, including "bailout plans" in a few countries that nationalized and disposed of non-performing loans from banks and other financial institutions.
- In the early 1990s, he became a highly ranked regional banks analyst in Asia – for UBS Warburg and then Salomon Brothers – as a specialist in predictive credit cycle analysis and asset valuation analysis.
- He began his professional career at Citibank in mergers & acquisitions.
- Over the years, Mr. Hartman has been interviewed and quoted by numerous financial television programs, such as CNBC, Bloomberg and CNN, and by financial publications such as the Economist, Asiamoney, South China Morning Post, Asian Wall Street Journal, and Financial Times.
- He reads, writes, and speaks the Thai and Lao languages, as well as maintains conversational capability in other languages.

Arbitration Claims: NONE

Self-Regulatory Organization or Administrative Proceeding: NONE

Bankruptcy Petition: NONE

Disciplinary Information: NONE

Additional Compensation and Potential Conflicts: NONE

**Supervision:** Mr. Hartman reports to the Board of Directors of ROC|Bridge Partners, which includes the following: Robert Morse, Donaldson Hartman, Winston Chiu, Christian Young, Dean Allara, Jonathan Slager.

## **Professional Certifications - Education - Business Background**

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**Name:** Danuel Stanger

**Title:** Chief Investment Officer

**Date of Birth:** March 31, 1961

### **Professional Certifications:**

Is a Certified Commercial Investment Manager CCIM

### **Business Experience:**

- (2009 – present) CIO – Real Estate Opportunity Capital Fund LP - Salt Lake City, UT.
- (1997 – 2009) CEO – CDS Investments (Bridge Investment Group) - Salt Lake City, UT.
- (1988 –1996) Founder – Real estate merger with Prowswood in 1990 Salt Lake City, UT
- (1976 –1988) Banking industry with last position at Prudential Federal and American Savings Banking in corporate lending.

Mr. Stanger has 28 years of experience in every phase of the real estate investment process including finding, analyzing, acquiring, financing, developing, managing, improving and selling properties. He has been directly responsible for investing in over US\$1 billion dollars in real estate assets. Property types are generally listed in order of frequency, and include investments in multi and single family residential properties, commercial offices, resort golf properties, hotel, and retail properties. Mr. Stanger has led a real estate team of almost 400 employees as the CEO of Bridge Investment Group and had responsibility over the investment track record used in the Private Placement Memorandum of ROC I and Bridge Investment Group.

- Since the inception of ROC I, Mr. Stanger has focused his full-time efforts on the remarkable acquisitions available to ROC I that presented themselves as a result of the global financial crisis. He has been the primary driver of acquisitions, management and disposition of all ROC I investments.
- Mr. Stanger was CEO and Co-Founder of Bridge Investment Group until March 2009. He was involved in all phases of developments and investments since inception; approved all commitments, and was responsible for day-to-day management of investment activities. In particular, he was responsible for market and individual investment analysis, transaction structuring and planning, development and joint venture equity partner relationships. Together

with Mr. Allara, he is primarily responsible for the Bridge track record shown in the PPM of the Fund.

- Mr. Stanger began his real estate career in 1988, on the heels of a banking career with Prudential Federal and American Savings, directing credit restructuring, workouts, management and disposition of all commercial investment real estate and corporate lending foreclosures at American Savings from 1985 through 1988.
- He left Prudential Federal and American Savings in 1988 to found Strategic Management and Consulting, which focused on property management and the resolution of distressed commercial properties including retail, office warehouse, medical office, hospitality and residential real estate. Mr. Stanger merged this company into Prowswood Companies in 1990, where he became Vice-President and Managing Director of the Equity Investment Division. He left Prowswood in 1997 to form CDS Investments, Inc. the predecessor company to Bridge Investment Group.

Arbitration Claims: NONE

Self-Regulatory Organization or Administrative Proceeding: NONE

Bankruptcy Petition: NONE

Disciplinary Information: NONE

Additional Compensation and Potential Conflicts: see below

**Other Business Activities:**

Mr. Stanger is the Managing Partner or Managing Member of several Single Purpose Entities (SPE)'s created for the purpose of holding various real estate assets. Responsibilities include oversight of project activities. He receives no compensation from these assets, other than through ownership distributions; however, these entities pay management fees to Bridge Property Management, a subsidiary of RBP Capital Holdings, LLC, from which he receives salary, bonus, and profits. These activities do not create conflicts as it relates to the Partnership or to the Investment Manager.

**Additional Compensation:** Mr. Stanger receives compensation through salary, bonus, and company profits paid by the Investment Manager. Additionally he receives company profits from Bridge Investment Group.

**Supervision:**

Mr. Stanger is the Chief Investment Officer and reports directly to the Investment Management Committee, and Board of Directors. All managers in asset related positions report to Mr. Stanger.

**Professional Certifications - Education - Business Background**

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**Name:** Jonathan Slager

**Title:** Managing Director – Asset Management Group and IMC member

**Date of Birth:** October 19, 1960

**Educational Background:**

Bachelor of Arts in English from the University of Utah, 1982

Masters of Business Administration from New York University, 1985

**Professional Certifications:**

Salt Lake Board of Realtors – Licensed Agent

**Business Experience:**

- (2007 – present) Principal – Real Estate Opportunity Capital Fund LP Salt Lake City UT.
- (2006 – present) Principal – Bridge Loan Capital Fund LP, Salt Lake City, UT.
- (2005 – 2010) Principal – Pacific Group, Salt Lake City, UT
- (2004 – 2006) President/Co-Founder – Mobile Lifestyles, Salt Lake City, UT
- (2002 – 2004) Senior Vice President – Sentry Financial Corp. Salt Lake City, UT
- (1997 – 2001) CEO Kodiak Interactive Software Studios, Salt Lake City UT.
- (1994 – 1997) CFO/COO Sculptured Software, Inc. Salt Lake City, UT
- (1993 – 1994) VP/Marketing – Electro Brain Corp. Salt Lake City, UT
- (1990 – 1991) VP at Wells Fargo Realty Finance – San Francisco CA
- (1985 – 1990) VP/ at the Koll Company – Pleasanton CA

Mr. Slager has 29 years of experience in the real estate, finance, and software industries. Examples of this experience include the following:

- Since 2009, Mr. Slager has been involved in underwriting, acquiring and managing all ROC fund assets, and has been a key driver of asset execution and returns.
- From 2005 to 2009, Mr. Slager worked with The Pacific Group USA, Inc., and with Bridge Loan Capital Fund. He was responsible for major acquisitions, development, and entitlements and financing of major real estate projects.
- Mr. Slager worked at The Koll Company and then Wells Fargo Bank. At these leading institutions he was responsible for the acquisition, development, asset management and disposition of commercial real estate assets. Mr. Slager played the leading role on large institutional commercial real estate projects ranging from resort, residential, office, industrial and retail projects. There, he negotiated purchase agreements, performed feasibility analyses, coordinated resolution of zoning and entitlement issues, arranged debt financing, oversaw construction, managed assets, and performed leasing and marketing services, acquired land and buildings valued in excess of US\$700 million, managed multiple development projects of over 1.6 million ft<sup>2</sup> of commercial office, industrial, retail, residential, and resort real estate, formed joint ventures with private and institutional partners, such as Aetna and John Hancock. marketed and sold over US\$1 billion in real estate assets.

Arbitration Claims: NONE

Self-Regulatory Organization or Administrative Proceeding: NONE

Bankruptcy Petition: NONE

Disciplinary Information: NONE

Additional Compensation and Potential Conflicts: see below

**Other Business Activities:**

Mr. Slager is a manager and minority principal of ROC Landfill, LLC, this entity manages waste products and does not cause a conflict as to the duties of the Investment Manager.

Mr. Slager is a manager and minority principal RMR Pacific, LLC and its affiliated entities owns and operates a ski area and golf course as well as proposed future development of real estate in New Hampshire and does not cause a conflict as to the duties of the Investment Manager.

Mr. Slager is a principal of Slager SL, LLC and Penelope LLC which is a commercial property owner with his family trust and does not cause a conflict as to the duties of the Investment Manager.

**Supervision:**

Mr. Slager is a member of the Board of Directors and Investment Management Committee, reports directly to the Board of Directors.

## **Professional Certifications - Education - Business Background**

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**Name:** Dean Allara

**Title:** Chief Operating Officer

**Date of Birth:** September 20, 1962

**Educational Background:**

Bachelor of Science from St Mary's College of California, 1984

Masters of Business Administration from Santa Clara University, 1986

**Business Experience:**

- (1986 – present) Principal – Bridge Investment Group (CDS Investments).
- (2008 – present) Principal – Real Estate Opportunity Capital Fund LP
- (1996 – 2000) CEO/President for Trace Products Inc./Trace Digital LLC
- (1990 – 1996) Sales Manager for Trace Products Inc./Trace Digital LLC
- (1986 – 1990) Sales Rep for IBM/ROLM Telecommunications

Mr. Allara has 25 years of experience in the real estate investment process including analyzing, raising capital, acquiring, financing, developing, managing, improving and selling properties. Mr. Allara is responsible for capital raising, investment analysis and investor relations.

- He has been directly responsible for investing in over US\$700 million dollars in real estate assets. Property types include multifamily and single family residential, commercial, resort golf properties, hotel, and retail properties. Mr. Allara, along with Mr. Stanger, is primarily responsible for the Bridge Track Record shown in Appendix C. of this Memorandum, and the track record of other predecessor funds which includes significant double digit returns even in difficult time periods.
- Mr. Allara joined the ROC Fund from Bridge Investment Group, where he worked since 1995 raising capital from high net worth individuals, family office and institutional partners in addition to responsibilities related to ownership, investment analysis, development, asset management, investor relations, and legal & tax issues since inception.
- Has experience in real property development including permits and zoning, master planning, debt financing, insurance, construction management, home owners' association management, marketing and residential sales.

- Previous experience includes a ten-year career with Trace Digital, a leading global supplier of software manufacturing equipment, where he rose from a Regional Sales Manager to President and CEO.

Arbitration Claims: NONE

Self-Regulatory Organization or Administrative Proceeding: NONE

Bankruptcy Petition: NONE

Disciplinary Information: NONE

Additional Compensation and Potential Conflicts: see below

**Other Business Activities:** Mr. Allara is the Managing Partner or Managing Member of several Single Purpose Entities (SPE)'s created for the purpose of holding various real estate assets. Responsibilities include oversight of project activities. He receives no compensation from these assets, other than through ownership distributions; however, these entities pay management fees to Bridge Property Management, a subsidiary of RBP Capital Holdings, LLC, from which he receives salary, bonus, and profits. These activities do not create conflicts as it relates to the Fund or to the Investment Manager.

**Additional Compensation:** Mr. Allara receives compensation through salary, bonus, and company profits paid by the Investment Manager. Additionally he receives company profits from Bridge Investment Group.

**Supervision:**

Mr. Allara is the Chief Operating Officer and reports directly to the Board of Directors and is a member of the Investment Management Committee, and Board of Directors.

## **Professional Certifications - Education - Business Background**

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**Name:** Winston Chiu

**Title:** Director – Financial Reporting and Investor Relations

**Date of Birth:** January 24, 1969

**Educational Background:**

Bachelor of Science in Accounting with Applied Economics/Business Administration from De La Salle University, 1990

Mphil in Economics of Developing Countries from University of Cambridge, 1995

Masters of Business Administration from Columbia University Business School, 1997

**Professional Certifications:**

Completed, in 1998, the following examinations to be a qualified Registered Principal of the US Financial Industry Regulatory Authority (FINRA): Series 7 – General Representative

Completed, in July 2011, the following examinations under the Hong Kong Securities and Futures Commission:

- Fundamentals of Securities and Futures Regulations and
- Regulation of Securities



Licensed (expired) by the Hong Kong Securities and Futures Commission for dealing in securities, advising on securities and advising on corporate finance.

- US AICPA Examinations – Elijah Watt Sells Award
- Philippine CPA Examination – First Place

**Business Experience:**

- (2009 – present) Director - Private Equity Investment Mgr. - Primus|PMN Capital (Hong Kong)
- (2006 – 2009) Director - Corporate Strategy/ Dev. Asia Pacific/ HSBC (Hong Kong)
- (2001 – 2006) Associate Director - Asia Pacific Investment Bank/ HSBC (Hong Kong)
- (2000 – 2001) Principal - Similan.com (Singapore)
- (2000 – 2000) CFO/Co-Founder - 2NDPAGE.com, San Francisco, CA
- (1998 – 2000) Sr. Associate - Salomon Smith Barney Hong Kong Limited.
- (1997 – 1998) Associate - JP Morgan Hong Kong Limited.
- (1992 – 1994) Asst. to the Asst. Director General/ National Econ. Dev. Authority, Philippines
- (1991 – 1992) Asst. Treasurer – Guag Sand Puo Piggery, Ltd. Shenzhen China.
- (1990 – 1991) Graduate Trainee – National Savings Bank, Glasgow, Scotland

Arbitration Claims: NONE

Self-Regulatory Organization or Administrative Proceeding: NONE

Bankruptcy Petition: NONE

Disciplinary Information: NONE

Additional Compensation and Potential Conflicts: see below

**Other Business Activities:** Director, Primus|PMN Capital: PMN Capital is a private equity firm that has a 40% stake in the Investment Manager. It does not conflict with the activities of the Investment Manager.

**Supervision:**

Mr. Chiu reports directly to the Board of Directors CEO, and is a member of the Investment Management Committee, and Board of Directors.

SUPERVISOR'S contact information: Don Hartman, Chief Executive Officer.

PHONE 801-520-9966 EMAIL Don@ROC-Bridge.com

**Professional Certifications - Education - Business Background**

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**Name:** Christian Young

**Title:** Board Member

**Date of Birth:** October 25, 1959

**Educational Background:**

Bachelor of Science / Business Management / Finance from the University of Utah , 1982

**Business Experience:**

- (1997 – present) Chairman/Co-Founder – Bridge Investment Group (CDS Investments).
- (2008 – present) Principal – Real Estate Opportunity Capital Fund, Salt Lake City, UT.
- (1990 – 1997) President – Acorn Development Corp.
- (1975 – 1990) As an executive with AT&T and Lucent Technologies.

**Business Experience:**

**Christian V. Young** is Chairman and Co-Founder of Bridge. He has been involved in all phases of the firm's development and investments since its inception in 1997 and approves all commitments by the company. In particular, Mr. Young has focused on capital syndication, investor relations, development analysis, transaction structuring, real estate tax/legal issues, corporate finance and administration, and strategic planning. In 1997, Mr. Young formed CDS Investments, Inc., the predecessor company to Bridge Investment Group. From 1990 to 1997, Mr. Young was the President of Acorn Development Corp., which successfully invested syndicated equity capital into commercial investment real estate projects in the Western United States identified, financed, managed and sold by Messrs. Stanger, Allara, Minnick, Andrus and Stayner. Before forming Bridge, Mr. Young had a successful 15-year career with AT&T and Lucent Technologies as an executive in their business systems group.

Arbitration Claims: NONE

Self-Regulatory Organization or Administrative Proceeding: NONE

Bankruptcy Petition: NONE

Disciplinary Information: NONE

Additional Compensation and Potential Conflicts: see below

**Other Business Activities:** Mr. Young is the Managing Partner or Managing Member of several Single Purpose Entities (SPE)'s created for the purpose of holding various real estate assets. Responsibilities include oversight of project activities. He receives no compensation from these assets, other than through ownership distributions; however, these entities pay management fees to Bridge Property Management, a subsidiary of RBP Capital Holdings, LLC, from which he receives salary, bonus, and profits. These activities do not create conflicts as it relates to the Fund or to the Investment Manager.

**Additional Compensation:** Mr. Young receives compensation through salary, bonus, and company profits paid by both the Investment Manager and Bridge Investment Group.

**Supervision:**

Mr. Young is a member of the Board of Directors and is not a directly employed by the Investment Manager.

Supervision at ROC|Bridge Partners is Don Hartman

PHONE 801-520-9966 EMAIL Don@ROC-Bridge.com

## **Professional Certifications - Education - Business Background**

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**Name:** John S. Pennington

**Title:** Chief Compliance Officer

**Date of Birth:** March 27, 1964

### **Educational Background:**

Bachelor of Science in Economics from the University of Utah, 1988

### **Professional Certifications and Business**

Former Westminster College School of Business / Advisory Board Member / Utah

Former Utah Special Olympics / Director of Fund Raising

Former NASD member with a series 7 stock broker license

### **Business Experience:**

- (2011 – present) Chief Compliance Officer – ROC|Bridge Partners, Inc.
- (2007 – present) Fund Manager/Co-Founder – Real Estate Opportunity Capital Fund LP.
- (2005 – present) Managing Director/Co-Founder – Bridge Loan Capital Fund, LP.
- (1989 – 2005) President/Co-Founder United Security Acquisition and Trade, Inc.
- (1997 – 1999) Chief Operating Officer of Global Connections Inc.

Mr. Pennington has 23 years of experience in real estate finance, corporate formations, international regulatory, fund management and administration, asset acquisition, real estate loan underwriting, international trade, public company management, SEC financial reporting & compliance. He is especially skilled in the documentation of security interests in real estate assets. Examples of this experience include the following:

- Mr. Pennington is Co-Founder of ROC I, has overseen the establishment and implementation of SEC filings, compliance, administration, coordination of legal counsel, and auditor relationships and was a member of the ROC I investment management committee.
- Prior to founding ROC I in 2008, Mr. Pennington was the managing director, CFO and co-founder of Bridge Loan Capital Fund, LP, a mezzanine fund focused on the acquisition and origination of real estate-backed debt. His responsibilities included, capital raising, coordinating bank relationships, budgets, audits, and financial reports, SEC filings, fund formation matters, compliance, administration, coordination of legal counsel, annual audits, and collection of loans and dispositions. In this capacity Mr. Pennington brought together and assembled the executive management team of the Bridge Loan Capital Fund, including Messrs. Hutchinson, Slager, Anderson and Hartman.
- From 1989 to 2005, he was co-founder and president of USAT Inc., an import/export company, which transacted business in over 17 countries, subsequently Mr. Pennington was the co-founder/co-owner of businesses located in Spain, Canada, Germany and Puerto Rico.
- From 1997 through 1999, he was chief operating officer /co-owner of a publicly held company with 140 employees. He was responsible for audits, SEC reporting, and international sales. This led to his co-ownership, acquisition and subsequent successful sale of a foreclosed, real estate distressed housing development, including a full service golf course and country club.

- He is currently registered with the U.S. Securities and Exchange Commission as the Chief Compliance Officer of the Investment Manager.

Arbitration Claims: NONE

Self-Regulatory Organization or Administrative Proceeding: NONE

Bankruptcy Petition: NONE

Disciplinary Information: NONE

Additional Compensation and Potential Conflicts: see below

Mr. Pennington is a full time employee of ROC|Bridge Partners, LLC, the investment manager for the Real Estate Opportunity Capital Fund, LP (“ROC I”) and the Real Estate Opportunity Capital Fund II LP (“ROC II”) limited partnerships. In addition Mr. Pennington is an indirect owner and also a fund manager of the general partnerships for both of these funds and receives company profits and dividends. In connection to the operation of ROC I and ROC II the general partners of both ROC I and ROC II have established several offshore parallel vehicles enabling foreign investment into the ROC I and the ROC II. These offshore parallel vehicles mainly use Delaware corporations to hold their participation in the ROC I and ROC II assets, of which Mr. Pennington is the president of each of these Delaware corporations. Mr. Pennington receives no compensation for his duties as officer of the Delaware corporations and receives no compensation as a fund manager of each the offshore parallel vehicles.

Mr. Pennington is the co-founder, Managing Director and General Partner of Bridge Loan Capital Fund, LP. This fund is closed for additional investment and is currently in a liquidation phase that provides zero compensation to Mr. Pennington. Therefore this activity does not create a conflict.

Supervisor:

Supervision at ROC|Bridge Partners is Don Hartman

PHONE 801-520-9966 EMAIL Don@ROC-Bridge.com

## **Professional Certifications - Education - Business Background**

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**Name:** Paul Hutchinson

**Title:** Director/ Capital Markets & Investor Relations

**Date of Birth:** November 4, 1970

### **Business Experience:**

- (2007 – present) Director/Co-Founder – Real Estate Opportunity Capital Fund LP
- (2005 – present) Fund Manager/Co-Founder – Bridge Loan Capital Fund, LP
- (2005 – present) President/CEO – Destinare, LLC
- (1992 – 2005) President/CEO – Midwest Center Marketing.
- 2008 to present: Mr. Hutchinson is a Co-Founder / Director in capital markets of the Real Estate Opportunity Capital Fund LP, a \$124M real estate fund. In this capacity he raised money from high net worth investors and managed investor relations for the fund.

- 2005 to present: Mr. Hutchinson is the Fund Manager and co-founder of Bridge Loan Capital Fund, LP a mezzanine fund focused on the acquisition and origination of commercial real estate-backed debt. His responsibilities included, capital raising, investor relations, underwriting, NAV tracking and general management.
- From 1989 to present, Mr. Hutchinson is the co-founder and President of Destinare LLC, a property development and investment company with ownership in tech companies, custom home building and land development companies.
- From 1992 through 2005, he was Founder and CEO of Midwest Center LLC, a marketing company with over 200 employees specializing in personal coaching, TV and Radio advertising in the direct response industry.
- Mr. Hutchinson currently serves as a board member for the FBI Citizens academy, The Make-A-Wish Foundation, The Living Planet Aquarium and The Hale Centre Theater
- Mr. Hutchinson is currently a mentor at the University of Utah business school and was selected by Utah Business Magazine as one of the 40 under 40 for 2010.

Arbitration Claims: NONE

Self-Regulatory Organization or Administrative Proceeding: NONE

Bankruptcy Petition: NONE

Disciplinary Information: NONE

Additional Compensation and Potential Conflicts: see below

Mr. Hutchinson is a full time employee of ROC|Bridge Partners, LLC and such income is directly related to Real Estate Opportunity Capital Fund LP and Real Estate Opportunity Capital Fund II LP. In addition Mr. Hutchinson is a principal of the general partnerships for both of these funds and receives company profits and dividends.

Mr. Hutchinson is the co-founder and General Partner of Bridge Loan Capital Fund, LP. This fund is closed for additional investment and is currently in a liquidation phase that provides no compensation to Mr. Hutchinson. Therefore this activity does not create a conflict.

Destinare LLC. Mr. Hutchinson is the sole shareholder. Compensation is derived from the sales and dividends though quarterly profits and therefore this activity does not create a conflict.

Supervisor:

Supervision at ROC|Bridge Partners is Don Hartman

PHONE 801-520-9966 EMAIL Don@ROC-Bridge.com

## **Professional Certifications - Education - Business Background**

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**Name:** Chad D Briggs

**Title:** Chief Financial Officer

**Date of Birth:** April 11, 1956

### **Educational Background:**

Bachelor of Science in Accounting from the University of Utah, 1986

**Professional Certifications:**

State of Utah Certified Public Accountant (CPA), since 1986  
(80 hours of continued professional education is required every two years to maintain licensing)

**Additional Professional Development:**

- Completed year-long seminar series with Utah Life Science Assoc. and Continuing Education at the University of Utah focus on Biotechnology and Medical Devices.
- Advanced Tax Study at Michigan State University.
- Chamber of Commerce Committee member for 2 years, that successfully lobbied the Utah State legislature for R&D tax credits.
- Member, Utah Association of CPA's 1986 to present
- Controller, Utah Property and Casualty Insurance Guaranty Association 1986 to present
- Member, Board of Directors, Utah Life Science Association 1995 to 2000
- Founding Member, Financial Executive Institute – Utah Chapter 1997 to 2000

**Business Experience:**

- (2010 – present) Chief Financial Officers – Real Estate Opportunity Capital Fund LP.
- (2005 – present) CFO/ Digital Draw Network, Inc.
- (2003 – 2005) Independent tax consultant, Salt Lake City, UT
- (2001 – 2003) Vice President/CFO EmerGen, Inc Salt Lake City, UT
- (2000 – 2001) Vice President/CFO HB Group, Inc Salt Lake City, UT
- (1999 – 2000) Controller Director of Finance and Accounting Salt Lake City, UT
- (1990 – 1999) Controller / Director of Finance / Accounting TheraTech, Inc Salt Lake City, UT
- Mr. Briggs brings 25 years of experience in accounting, finance, M&A, public offerings, SEC compliance, and human resources.
- He served as Vice President and CFO for 5 years of Digital Draw Network, a national provider of residential construction and commercial real estate inspection services.
- Prior to Digital Draw, Mr. Briggs spent 10 years as VP/CFO of TheraTech Inc., a public company.
- Mr. Briggs is responsible for all treasury and financial functions of the Partnership and the General Partner. He will also oversee financial planning and record-keeping, as well as financial reporting.

Arbitration Claims: NONE

Self-Regulatory Organization or Administrative Proceeding: NONE

Bankruptcy Petition: NONE

Disciplinary Information: NONE

Additional Compensation and Potential Conflicts: see below

Supervision at ROC|Bridge Partners is Don Hartman

PHONE 801-520-9966 EMAIL Don@ROC-Bridge.com