

Part 2A of Form ADV: Firm Brochure

Sinclair Group, Inc.

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This brochure provides information about the qualifications and business practices of Sinclair Group, Inc. (“Sinclair”). If you have any questions, about the contents of this brochure, please contact us at 216-781-9090. 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. While Sinclair is a “registered” investment adviser, registration does not imply a certain level of skill or training.

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

Item 2 – Material Changes

This page is used to discuss material changes from Brochures that have previously been provided as required by the U.S. Securities and Exchange Commission.

Reorganization: During 2011, The Townsend Group, Inc. (“**Townsend**” SEC 801-30200) underwent a reorganization whereby it became Sinclair Group Inc. (“**Sinclair**” SEC 801-72958). Below are the details of the reorganization:

- On March 31, 2011, Townsend filed its last annual update with the U.S. Securities and Exchange Commission (“SEC”);
- On February 1, 2012 Townsend withdrew from registration with the SEC by filing a Form ADV-W.
- Subsequently, Townsend changed its name to “Sinclair Group Inc.” and merged with Sinclair Group, LLC (SEC 801-72958). Sinclair Group, Inc. was the surviving entity.

As a result of the merger, Sinclair assumed Sinclair Group LLC’s (SEC 801-72958) registration with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

Acquisition of Adviser Subsidiary: On August 22, 2011 Sinclair (then known as “The Townsend Group, Inc.”) formed Townsend Holdings LLC, an SEC registered investment adviser (SEC 801-72968).

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Item 4 – Advisory Business

Who we are: Sinclair Group, Inc. (“**Sinclair**”) was formed in 1983 and incorporated in 1986 as The Townsend Group, Inc. (“**Townsend**”) by Terry Ahern and Kevin Lynch, both of whom continue as principal owners. In February 2012, Townsend was renamed “Sinclair Group, Inc.”

As a partial successor to The Townsend Group, Inc., Sinclair is actively engaged in providing investment advice to its clients, which will allow clients to invest their own assets after studying Sinclair’s recommendations or research. To this end, Sinclair may engage an affiliate to act as sub-adviser to its clients, including its affiliate Townsend Holdings, LLC (“**Townsend Holdings**”).

What we do: Sinclair specializes in providing investment advice in the form of recommendations generally limited to real estate related investment products. Examples of such services include, but are not limited to, the following:

1. Assisting clients in developing investment objectives, strategic and investment plans and investment guidelines and restrictions.
2. Assisting clients in implementing their strategic and investment plans by delivering investment recommendations and research.
3. Advising clients regarding investments in pooled investment vehicles.
4. Negotiating with the managers of funds or separate accounts to improve fee structures and other business terms for Sinclair’s clients.
5. Monitoring investment performance and delivering quarterly reports to clients related to (i) investment activity, (ii) investment performance, (iii) portfolio composition, (iv) diversification by property type and by location and (v) other measurements that are relevant to assessing performance and the composition of the client’s real estate portfolio.
6. Meeting with clients periodically to discuss performance and strategy.
7. Performing incidental functions and providing other similar services.

The exact scope of services provided to each client will vary depending upon the terms of Sinclair’s engagement by that client. Recommendations and investment decisions are based upon analysis conducted by Townsend Holdings’ investment professionals and monitored by Sinclair. Investment Recommendations are supported by analysis that Townsend Holdings conducts using its proprietary databases and other resources.

How we tailor these services to you: Sinclair will provide oversight of Townsend Holdings and its Investment Committee, which are ultimately responsible for all client strategic planning and investment-related decisions.

The Investment Committee is comprised of seven individuals and reviews matters such as strategic plans, manager selection, pooled fund selection and portfolio construction. Sinclair will typically work with each client in developing the client’s investment plan, which may include restrictions imposed by the client in certain securities or types of securities.

Sinclair’s Assets Under Management: To date Sinclair has no client assets for which it provides discretionary or non-discretionary advice as defined in the instructions to Form ADV. Rather it provides its clients with specific investment recommendations which the client may then execute (or not) on their own behalf.

Item 5 – Fees and Compensation

Compensation and Fees: Fee arrangements are negotiated with individual clients and vary by type and amount depending on the scope of services provided by Sinclair. Sinclair's clients are generally required to be "qualified purchasers," within the meaning of the Investment Company Act of 1940.

Clients may pay fees based upon:

1. a percentage of assets committed to a client's real estate portfolio,
2. a percentage of the net asset value of the client's real estate portfolio, or
3. the performance of specific services.

In some cases, Sinclair is compensated using a combination of the methods listed above and may also be reimbursed expenses.

How fees are paid: Fees are generally billed to clients quarterly in arrears. If clients were to pay fees in advance and Sinclair's engagement were subsequently terminated, the client would be entitled to be reimbursed promptly for the unearned portion of any fees, but would remain responsible for fees and any reimbursable expenses incurred prior to termination, or as otherwise specified under the terms of the relevant contract.

Clients may be responsible for the reimbursement or direct payment of certain expenses such as travel or legal expenses incurred for the benefit of the client. Further, Sinclair's fees are generally exclusive of fees charged by any third-party investment manager or property manager, or charges imposed by custodians, brokers or other third parties.

Neither Sinclair nor any of its supervised persons accept compensation for the sale of securities.

Termination of Services: Sinclair's clients are pooled investment vehicles. Advisory relationships with such clients are not terminable, though investors have the ability to withdraw from some of them periodically, while other vehicles have finite lives. In certain instances, affiliates of Sinclair are the general partners of funds in which Sinclair's clients invest. A list of such funds is provided in response to Item 7(B) of Part I of Sinclair's Form ADV. In such instances, the removal of the affiliated general partner entity from the fund may result in the effective termination of the investment advisory agreement pursuant to which Sinclair provides investment advisory services to the relevant fund.

Item 6 – Performance-Based Fees and Side-By-Side Management

Performance Based Fees: Sinclair also accepts management fees from clients which are based on a percentage of assets under management. Because of this fee to asset ratio, as the assets increase (or decrease) in value so does the management fee. These fees may vary for each client and not every client may have a performance based fee.

Side-By-Side Management: At certain times such performance-based fees could incentivize the adviser to give preference to a client paying performance fees over another that does not. Additionally, performance-based fee arrangements may create an incentive for Sinclair to recommend investments which may be riskier or more speculative.

Controls to manage conflicts of interest: In addition to a Code of Ethics, several protections are applied to ensure that clients are treated equitably:

1. Investments that Sinclair recommends generally constitute "limited offerings" under the Securities Act of 1933, as amended. As a result, supervised persons generally do not qualify for such investments. Any such investment by a Sinclair related person is subject to pre-approval under the Code of Ethics. All transactions are subject to monitoring through the submission and evaluation of trading and holding reports in accordance with the Code of Ethics.

2. Sinclair oversees Townsend Holdings' allocation procedures with the goal that clients are treated fairly and equitably on an overall basis and to prevent this potential conflict from materially influencing the allocation of Townsend's recommendation of investment opportunities among clients. In situations where Townsend Holdings is required to make an allocation decision, an investment recommendation is generally allocated on a pro rata basis after taking into consideration a number of factors as set out below, which are confirmed and regularly updated by the client adviser. These factors include, but are not limited to: (i) the investment parameters of the client, including return objectives, size of the transaction, geographic location, property type, and risk tolerance; (ii) the ability of the client to (a) meet the transaction's timing requirements, including cash availability, and (b) remain flexible in the face of anticipated changes; (iii) specific legal restrictions of the party offering the opportunity; (iv) other diversification requirements, such as whether the transaction is complementary to the client's existing portfolio; and (v) contractual, regulatory or tax requirements or restrictions of Sinclair, the client and the party offering the opportunity.

In the event that it is impracticable or undesirable to allocate the recommendation of an investment opportunity on a pro rata basis, such recommendation will be allocated via a rotational system. Clients will be reviewed to consider the aggregate dollar amount invested and the number and timing of transactions previously closed by each client. In each case, additional considerations deemed appropriate may be taken into account to ensure fair and equitable allocation of investment opportunities.

At times, Sinclair may be instructed by a client to review a specific opportunity made available exclusively to it. Such investment opportunities are not subject to an allocation decision.

3. An Insider Trading Policy is maintained to help ensure compliance with applicable securities laws. In addition, a Code of Ethics: (i) reminds employees of fiduciary duties, which include (among others) a duty of utmost good faith and undivided loyalty and an obligation to provide disinterested advice; (ii) reminds employees and other representatives of their obligations to clients; (iii) memorializes and fosters general standards of business conduct and requires compliance with both the letter and the spirit of the federal securities laws; (iv) provides guidance for dealing with certain potential conflicts of interest; (v) requires certain employees to report their personal securities transactions and holdings to Sinclair's Chief Compliance Officer or his/her delegate in accordance with the Investment Advisers Act of 1940, as amended (the "Advisers Act"); (vi) requires employees to report violations; and (vii) imposes additional record keeping requirements.

Item 7 – Types of Clients

Sinclair typically provides its investment services to privately offered pooled investment vehicles.

Investment Requirements: The privately offered pooled investment vehicles managed by Sinclair require investors to qualify both as accredited investors and qualified clients or both accredited investors and qualified purchasers. Accredited investors are generally (i) individuals with \$1,000,000 of net worth (excluding their primary residence) or who have made \$200,000 in each of the two previous years (or \$300,000 joint income with one's spouse) or (ii) entities with assets totaling over \$5,000,000. Qualified clients are individuals or entities with either (i) \$1,000,000 in assets under management with a particular

registered investment adviser or (ii) a net worth of at least \$2,000,000 (excluding their primary residence). Qualified purchasers are generally individual investors or certain family-owned entities with over \$5,000,000 in investments or entities with over \$25,000,000 in investments.

This brochure is not an offer to invest in the funds or other products that will be managed by Sinclair.

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

Methods of Analysis: In formulating its investment advice, Sinclair takes into account:

1. The merits of each manager's investment strategy in light of economic, market and industry conditions,
2. The cohesiveness and effectiveness of each manager's key team and the quality of its broader organization,
3. The terms and conditions of each investment, which drive a manager's incentives and directly impact investor returns, and
4. A manager's historical returns.

To facilitate its analysis, Sinclair oversees Townsend Holdings' due diligence process, through which it collects a variety of information about managers and the investments that they offer through a series of questionnaires and meetings, supplemented by additional due diligence on issues that are, or appear as though they may be, material.

Townsend Holdings has developed and maintains a database containing historical and projected performance information regarding hundreds of real estate funds. Information is collected and processed through a proprietary system developed by Townsend Holdings. Information is collected through questionnaires that are provided to managers periodically and when new funds are being offered.

Sinclair and its affiliates also collect and review a wide variety of materials provided by sources in the real estate industry and by other third parties. These include, among others, materials related to:

1. Economic conditions,
2. Political and market conditions in geographic markets and sub-markets throughout the world,
3. Industry trends,
4. Interest rates and other financing terms, and
5. Statistics related to the performance of different types of real estate assets in different markets (such as vacancy rates and absorption, cap rates, new construction rates, demographic data, etc.).

Sinclair may also receive market views and research provided by research teams affiliated with managers in which Sinclair or an affiliate may recommend investments.

Risks involved with our Methods of Analysis: Certain risks associated with an investment by any client may include, but are not limited to:

- *Investment Judgment and Market Risk:* The success of Sinclair's investment programs depends, in large part, on correctly evaluating future price movements of potential investments. Sinclair cannot guarantee that it will be able to accurately predict these price movements and that its investment programs will be successful.

- *Financial Markets and Regulatory Change:* The instability pervading global financial markets has heightened the risks associated with the investment activities and operations of funds, including those resulting from a reduction in the availability of credit and the increased cost of short-term credit, a decrease in market liquidity and an increased risk of bankruptcy of third parties with which we work. Market disruptions over the recent years and the increase in capital being allocated to funds and other alternative investment vehicles have led to increased scrutiny and regulation over the fund and asset management industry. In addition, the laws and regulations affecting business continue to evolve unpredictably. Laws and regulations applicable to our clients, especially those involving taxation, investment and trade, can change quickly and unpredictably in a manner adverse to Sinclair's clients' interests.
- *Dependence on Key Personnel:* Successful management of client assets will often depend on the continued employment or availability, of certain key personnel at Sinclair and the managers with which our clients invest. There is no assurance that such key personnel will remain or be able to carry on their current duties through the term of the clients investments.

Types of Securities: Most of Sinclair's advice relates to privately-offered securities offered by partnerships that invest in real estate or real estate-related assets, such as debt instruments that are secured by real assets or operating companies (such as hotel chains) that rely heavily on real estate. Some funds that Sinclair recommends use private REITs or other non-partnership vehicles for tax structuring purposes. Where appropriate in light of a particular client's investment strategy, Sinclair may also recommend third-party managers who purchase and manage individual properties or REIT securities portfolios through separate account relationships. On occasion, Sinclair also recommends co-investments or other direct investments when opportunities are presented by third-party managers or the client's mandate entails such services.

As with all investing, investing in the securities recommended by Sinclair involves a risk of loss that clients should be prepared to bear.

Private equity real estate funds ("RE Funds" or "Funds") invest directly in property, as well as companies or other entities engaged in various real estate related businesses. Certain RE Funds are enhanced return funds and high return funds that invest in non-core real estate assets that entail higher risk. As a result, investments in RE Funds are subject to various risks associated with property investing generally, including but not limited to:

- *Private offerings:* An investment in a privately offered commingled Fund can be highly illiquid, is speculative and not suitable for all investors. Investment in privately offered commingled Funds is only intended for experienced and sophisticated investors that are willing to bear the high economic risks of the investment. Certain of these risks may include: loss of all or a substantial portion of the investment due to leveraging or other speculative practices; lack of liquidity (in that there may be no secondary market for the security and none expected to develop); volatility of returns; restrictions on transferring interests in the Fund; potential lack of diversification and the resulting elevated risk; absence of information about valuations and pricing; complex tax structures and delays in tax reporting; and less regulation and higher fees than other types of investments including mutual funds.
- *Foreign Investments:* Sinclair's clients may invest in RE Funds or other products which invest in real estate assets outside the United States. With any investment in a foreign country, there exist certain risks typically not associated with investing in U.S. assets. Such risks might include, among other things, fluctuation in currency exchange rates, trade balances and imbalances and

related economic policies and the risk of adverse political or social developments, including nationalization, expropriation of assets, confiscatory taxation, economic or political instability or war.

- *Limited Operating History:* Although the investment professionals of Sinclair have had experience investing in private equity real estate funds of the type which will be considered for its clients, newer fund products and real estate funds will have a limited operating history. There can be no assurance that the objectives of the Fund will be achieved. It also should be noted that past performance is not a guarantee of future results.
- *Dependence on RE Funds:* The ability of any of Sinclair's clients to achieve their stated investment objectives will be highly dependent on the performance of the underlying RE Funds. Fund investments will generally be passive in nature, and, therefore, Sinclair will have limited or no ability to control the day-to-day operation, including investment and disposition decisions, of the underlying RE Funds.
- *Lack of Management Rights:* Sinclair's clients will have no opportunity to control the day-to-day operation of the Funds in which they invest, including investment and disposition decisions. Funds-of-funds that Sinclair may manage will have no affiliation with any underlying RE Fund. Rather, they will solely be an investor in each typically without special rights or privileges. Investors will have no contractual relationship with, nor any direct legal rights with respect to, any underlying RE Fund in which a fund-of-funds managed by Sinclair invests.
- *Risks of Real Estate Investments:* Clients will invest in RE Funds which will in turn invest directly in real estate, as well as companies or other entities engaged in various real estate-related businesses. Certain RE Funds may be made in enhanced return funds and high return funds that invest in non-core real estate assets that entail higher risk. As a result, a client's investment in RE Funds is subject to various risks associated with real estate investing generally, including but not limited to:
 1. adverse changes in national or international economic conditions, including changes in interest rates;
 2. adverse local real estate market conditions;
 3. the financial condition of tenants, buyers and sellers of properties;
 4. the promulgation and enforcement of governmental regulations relating to land use and zoning restrictions, environmental protection and occupational safety;
 5. the unavailability of mortgage funds that may render the sale of a property difficult;
 6. changes in real estate tax rates and other operating expenses;
 7. changes in demand for certain property types;
 8. environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems as to which inadequate reserves had been established;
 9. uninsurable losses;
 10. quality of maintenance, insurance and management services;
 11. competition based on rental rates;
 12. acts of God and natural disasters; and
 13. other factors beyond the control of Sinclair or the RE Funds.
- *Risks Associated with Commercial Mortgage Loan:* Sinclair's clients may invest in real estate investments which in turn invest in commercial mortgage loans and other debt instruments. The value of such real estate investment's commercial mortgage loans will be influenced by changes

in interest rates, the market demand for loans of certain terms and structures, and the historical rate of delinquencies and defaults experienced on the commercial mortgage loans and by the severity of loss incurred as a result of such defaults. The factors influencing delinquencies, defaults and loss severity include:

1. economic and real estate market conditions by industry sectors (e.g., multifamily, retail, office, etc.),
 2. the terms and structure of the mortgage loans, and
 3. any specific limits to legal and financial recourse upon a default under the terms of the mortgage loan.
- *Risks of Environmental Liabilities:* The investments made by the RE Funds in which Sinclair's clients may invest may subject such RE Funds to various risks stemming from environmental regulations. Under various federal, state and local laws, ordinances and regulations, an owner or operator of real property may become liable for the costs of removal or remediation of certain hazardous substances released on, about, under or in its property. Environmental laws often impose this liability without regard to whether the owner or operator knew of, or was responsible for, the release of hazardous substances. The presence of hazardous substances, or the failure to remediate hazardous substances properly, may adversely affect the owner's ability to sell or use real estate or to borrow outside funds using real estate as collateral. In addition, some environmental laws create a lien on contaminated property in favor of the government for costs it incurs in connection with the contamination. In addition to clean-up actions brought by federal, state and local agencies and private parties, the presence of hazardous substances on a property may lead to claims of personal injury, property damage or other claims by private plaintiffs. Should any of the properties in which a RE Fund invests become subject to an environmental liability, such investment will likely negatively impact the returns of the RE Fund and accordingly, the returns of the client.
 - *Uncertainty of Valuation:* Most RE Funds value their assets using a "fair market value" methodology dictated by their organizational documents, and the valuation methods used by various RE Funds will vary. The values of investments as determined under these methods do not necessarily reflect the price at which the investments could currently be sold in an arm's length transaction. Thus, measuring the performance of a RE Fund prior to the full realization of its portfolio involves substantial uncertainty. This can both limit the ability of a fund's investors to gauge the fund's ongoing performance, and the ability of Sinclair to evaluate the past performance of the managers of prospective RE Funds.
 - *Illiquidity of the Investor's Investments in Funds:* A limited market exists for the securities in which Sinclair's clients will invest, and the transferability of such RE Fund interests generally will be limited under the fund's governing documents and applicable law. Additionally withdrawals are either forbidden or subject to initial lock-out periods, specified times for requests and other limitations which may prevent an investor from effecting a realization on its investment when expected or desired. RE Funds may also be prevented from making redemptions when the RE Fund is insolvent or would be rendered insolvent if the redemption is made. In the case of closed-end RE Funds, the client generally will hold the RE Fund until its liquidation since an earlier sale, if allowed, may often times be achieved only at a discount.
 - *Taxation:* Investors generally will be allocated a portion of the taxable income of a RE Fund in which it invests, regardless of whether it receives current distributions from such funds. If the distributions from a fund are insufficient, the investors could incur taxable income without a

corresponding receipt of cash. Investors will often be given the opportunity to elect to reinvest distributions made to them by the fund. A limited partner that so elects to reinvest will therefore not receive any cash to cover taxable income from the fund, unless such limited partner requests a redemption which is also subject to restrictions as discussed above.

- *Liability for Return of Certain Distributions:* Under the law of many states, investors will generally not incur personal liability for the liabilities and obligations of a Fund in excess of their unfulfilled obligation to make capital contributions. However, in the event that a given Fund is unable otherwise to meet its obligations, the investors in that Fund may be required to repay to the Fund or to pay to creditors of the Fund distributions previously received by them to the extent such distributions are deemed to have been wrongfully paid to them (e.g., distributions paid while the fund was insolvent). In addition, the investors may be required to repay to the Fund any amounts distributed that are required to be withheld by the Fund for tax purposes. Furthermore, the governing agreements often provide that participating investors may be required to return certain distributions. In the case of a Fund managed by Sinclair, to the extent that the Fund is required to return to a RE Fund any distributions made by that RE Fund to the Fund, each of the investors will be required to return a corresponding amount of distributions paid to the investors by the Fund.
- *Absence of Recourse to the General Partner:* Governing documents often limit the circumstances under which a general partner, manager and their affiliates can be held liable to a RE Fund or a Fund. As a result, investors may have a more limited right of action in certain cases than they would otherwise have in the absence of this provision.
- *Possibility of Future Terrorist Activity:* The terrorist attacks of September 11, 2001 disrupted the global financial and insurance markets and negatively impacted the global economy in general, increasing many of the risks noted herein. The investments of the RE Funds or the areas in which they are located could be subject to future acts of terrorism. In addition to the potential direct impact of any such future act, future terrorist attacks and the anticipation of any such attacks could have an adverse impact on the U.S. or non-U.S. financial and insurance markets and economy, thus harming leasing demand for and the value of the RE Fund's investments. It is not possible to predict the severity of the effect that such future events would have on the financial and insurance markets and economy or the RE Funds' properties. These events may have a negative effect on the business and performance results of one or more of the RE Funds' investments or subsequently acquired investments, including increased insurance premiums and deductibles and limiting available insurance coverage for the RE Fund's investments.
- *Insurance May Not Cover All Losses:* Uninsured and underinsured losses could harm the Funds' or RE Funds' financial condition, results of operations and ability to make distributions to its investors. Various types of catastrophic losses, such as losses due to wars, riots, nuclear reaction, terrorist acts, earthquakes, floods, hurricanes, pollution or environmental matters, generally are either uninsurable or not economically insurable or may be subject to insurance coverage limitations, such as large deductibles or co-payments. In the event of a catastrophic loss, the Fund's or RE Fund's insurance coverage may not be sufficient to cover the full current market value or replacement cost of its lost investment. Should an uninsured loss or a loss in excess of insured limits occur, a Fund or RE Fund could lose all or a portion of the capital it has invested in an investment, as well as the anticipated future revenue from the investment. In that event, a Fund or RE Fund might nevertheless remain obligated for any notes payable or other financial obligations related to the investment, in addition to obligations to the Fund's or RE Fund's ground lessors, franchisors and managers. Inflation, changes in building codes and ordinances,

environmental considerations, provisions in loan documents encumbering the portfolio properties pledged as collateral for loans, and other factors might also keep the Fund or RE Fund from using insurance proceeds to replace or renovate an investment after it has been damaged or destroyed. Under those circumstances, the insurance proceeds the Fund or RE Fund receives might be inadequate to restore the Fund's or RE Fund's economic position on the damaged or destroyed investment.

Item 9 – Disciplinary Information

Not Applicable.

Item 10 – Other Financial Industry Activities and Affiliations

Sinclair beneficially owns a minority interest in Townsend Holdings, LLC, which is registered with the Securities and Exchange Commission as an investment adviser and may act as sub-adviser to Sinclair's clients.

Affiliates of Sinclair are the general partners of certain funds listed in response to Item 7(B) of Part I of its Form ADV.

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

Code of Ethics: Sinclair is an SEC-registered adviser and has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act. The Code of Ethics:

1. Reminds employees and other representatives of their fiduciary obligations to clients,
2. Memorializes and fosters general standards of business conduct and requires compliance with both the letter and the spirit of the federal securities laws,
3. Provides guidance for dealing with certain potential conflicts of interest,
4. Requires certain employees to report certain personal securities transactions and holdings to Sinclair's Chief Compliance Officer or his/her delegatee in accordance with the Advisers Act,
5. Requires employees to report violations, and
6. Imposes additional record keeping requirements.

A copy of Sinclair's Code of Ethics is available to clients and prospective clients upon request.

Adviser Interest in Investment Products: Sinclair acts as investment manager for investment partnerships that are identified in Part I of its Form ADV. An affiliate of Sinclair may also serve as the general partner of those limited partnerships. Therefore, some of Sinclair's related persons, including those individuals who have an ownership interest in Sinclair, indirectly buy or sell (through the limited partnerships that Sinclair manages) securities that are recommended to clients. Depending upon the type of investment being made and the particular needs of different clients, recommendations to clients may not always be made at the time that limited partnerships managed by Sinclair acquire an interest.

Controls to manage conflicts: Sinclair applies several protections to ensure that clients are treated equitably:

1. Investments that Sinclair recommends generally constitute "limited offerings" under the Advisers Act. As a result, supervised persons generally not qualify for such investments. Any such investment by a related person is subject to pre-approval under the Code of Ethics. All

transactions are subject to monitoring through the submission and evaluation of trading and holding reports in accordance with the Code of Ethics.

2. Sinclair oversees Townsend Holdings' allocation procedures with the goal that clients are treated fairly and equitably on an overall basis and to prevent this potential conflict from materially influencing the allocation of Townsend Holdings' recommendation of investment opportunities among clients. In situations where Townsend Holdings' is required to make an allocation decision, an investment recommendation is generally allocated on a pro rata basis after taking into consideration a number of factors as set out below, which are confirmed and regularly updated by the client advisor. These factors include, but are not limited to: (i) the investment parameters of the client, including return objectives, size of the transaction, geographic location, property type, and risk tolerance; (ii) the ability of the client to (a) meet the transaction's timing requirements, including cash availability, and (b) remain flexible in the face of anticipated changes; (iii) specific legal restrictions of the party offering the opportunity; (iv) other diversification requirements, such as whether the transaction is complementary to the client's existing portfolio; and (v) contractual, regulatory or tax requirements or restrictions of Sinclair or Townsend Holdings, the client and the party offering the opportunity.

In the event that it is impracticable or undesirable to allocate the recommendation of an investment opportunity on a pro rata basis, such recommendation will be allocated via a rotational system. Clients will be reviewed to consider the aggregate dollar amount invested and the number and timing of transactions previously closed by each client. In each case, additional considerations deemed appropriate may be taken into account to ensure fair and equitable allocation of investment opportunities.

At times, Sinclair may be instructed by a client to review a specific opportunity made available exclusively to it. Such investment opportunities are not subject to an allocation decision.

3. An Insider Trading Policy is maintained to help ensure compliance with applicable securities laws. In addition, the Code of Ethics addresses fiduciary duties, which include (among others) a duty of utmost good faith and undivided loyalty and an obligation to provide disinterested advice.

Item 12 – Brokerage Practices

Due to the fact that most of Sinclair's advice relates to privately offered securities in partnerships that invest in real estate or real estate related assets, Sinclair generally does not recommend trades with any broker or dealer.

Occasionally Sinclair may recommend the purchase of a secondary interest in a privately offered security being offered by a broker. In such cases, Sinclair's clients may be required to pay a fee to the broker offering the interest on behalf of a seller.

Neither Sinclair nor any of its supervised persons accept compensation for the sale of securities.

Item 13 – Review of Accounts

Review of Reports: Sinclair oversees and Townsend Holdings conducts, a review of accounts on a periodic basis. Each quarter, Townsend Holdings' Performance Measurement Reporting ("PMR") department generates a written report that summarizes the following for most clients that receive investment management services:

1. Investment activity,
2. Investment performance,
3. Portfolio composition,
4. Diversification by property type and location, and
5. Other measurements that are relevant to assessing performance and the composition of the client's real estate portfolio.

Performance data is collected at the individual fund, composite and portfolio levels. Preliminary "flash reports" are typically generated 60 days following the end of each quarter. Full reports containing additional analysis are typically generated 90 days following the end of each quarter and then delivered to clients. Performance data is derived from information reported to Sinclair by investment managers. These reports are reviewed and supplemented by an analyst and further reviewed by a senior investment advisory or portfolio management staff member assigned to the client.

In addition to the quarterly reporting described above, any time a new investment decision is considered, Townsend Holdings conducts additional reviews to ensure that the proposed investment will meet the client's needs in light of (i) its strategy, (ii) applicable guidelines and restrictions and (iii) the composition of its existing portfolio. These reviews are performed by at least one investment professional that is responsible for the client, and are considered as part of any investment decision.

Finally, at least one senior investment advisory or portfolio management staff member and at least one analyst monitors each client's portfolio on a continuing basis and monitors significant events (acquisitions, dispositions, financings, turnover of key manager personnel, etc.).

Reviews are conducted by at least one analyst and at least one senior investment advisory or portfolio management staff member, with the assistance of Townsend Holdings' PMR department. The results of these reviews are delivered to clients quarterly, with an annual review delivered after the end of the fourth quarter.

Item 14 – Client Referrals and Other Compensation

Sinclair does not compensate firms for client referrals.

Sinclair may receive incidental benefits from third-party managers, including, but not limited to, free attendance at conferences or seminars sponsored by such managers, attendance at advisory board meetings, and related travel, hotel and/or meal accommodations. While the receipt of such incidental benefits may create a potential conflict of interest with respect to the selection of or allocation of assets to such manager, Sinclair does not believe the conflict is material because it will not take into account such incidental benefits when selecting or allocating assets to managers.

Sinclair also may receive market views and research provided by research teams affiliated with managers in which Sinclair may direct investments.

Item 15 – Custody

Sinclair does not have custody of client cash or assets.

Item 16 – Investment Discretion

Sinclair does not have the discretionary authority to determine the type and amount of securities to be bought or sold for its clients.

Item 17 – Voting Client Securities

Sinclair generally recommends investments in entities that will not issue proxy votes and therefore the firm does not often receive proxies and is not often called upon to vote proxies. On rare occasions, Sinclair may be directed to submit its clients' vote or designated as a client's advisory board representative for a particular fund. In those circumstances, votes must be cast in a manner that is reasonably determined to be in the best interests of the client that holds the securities or is represented by Sinclair on the relevant board.

In general, the interests of Sinclair's clients are aligned on any particular issue requiring a vote. However, conflicts may arise. For example, Sinclair may be directed to vote on whether to allow a fund to exceed a contractually negotiated limit on the amount of capital that the fund is permitted to raise. In that case, it may be in the interest of clients that have not yet invested in the fund to have the cap lifted, while it might be better for the clients already invested in the fund for the cap to remain intact. In such a case, Sinclair is required to adhere to the general principle that votes must be cast for the benefit of the security holder.

Any client may, by submitting a request to its regular Sinclair contact, receive a list of all votes (if any) cast by Sinclair with respect to the client's securities. Any client may, by submitting a similar request, receive a copy of the proxy voting policies.

Item 18 – Financial Information

Not Applicable.

Item 19 – Requirements for State-Registered Advisers

Not Applicable.