

Industry Capital Advisors, LLC

One Sansome Street, 15th Floor

San Francisco, California 94104

(415) 273-4212

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[www.industrycapital.com](http://www.industrycapital.com)

This Brochure provides information about the qualifications and business practices of Industry Capital Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at +1 (415) 273-4212 and/or [kingston@industrycapital.com](mailto:kingston@industrycapital.com) or +1 (415) 273-4206 and/or [doug@industrycapital.com](mailto:doug@industrycapital.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.

Industry Capital Advisors, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

## **Item 2 – Material Changes**

On an ongoing basis, this item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. Industry Capital Advisors, LLC (“ICA”, “IC” or the “Firm”) will also reference the date of its last annual update of the Brochure. As this is IC’s initial Brochure, there are no material changes to discuss in this item at this time.

On an annual basis the Firm will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of its business fiscal year-end. IC will further provide clients with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, IC’s Brochure may be requested by contacting Kingston Wu at +1 (415) 273-4212 or via email at [kingston@industrycapital.com](mailto:kingston@industrycapital.com) or Doug Wertheimer at +1 (415) 273-4206 or via email at [doug@industrycapital.com](mailto:doug@industrycapital.com). Additional information on the Firm, its philosophy, investment process, investment and asset management strategy, and management team, can be found on the company Web site: <http://www.industrycapital.com>.

Additional information about Industry Capital Advisors, LLC is also available via the SEC’s Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s Web site also provides information about any persons affiliated with Industry Capital Advisors, LLC who are registered, or are required to be registered, as investment adviser representatives of Industry Capital Advisors, LLC.

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#### Item 4 – Advisory Business

Industry Capital Management, LLC commenced operations in 2003 as a spin-off of Industry Ventures, a \$1 billion secondaries fund manager co-founded by Norman D. Villarina in New York City in 1998. Industry Capital Advisors, LLC (“ICA” or “IC”), the Firm’s main entity, is owned one hundred percent (100%) by Industry Capital Holdings, LLC which, in turn, is owned seventy-five point one percent (75.1%) by Norman D. Villarina I.

As part of the 2012 S.E.C. registration requirements for alternative fund managers with a minimum of \$100 million of assets under management (“AUM”), IC has registered and combined its registered investment adviser (“RIA”) status with that of its core fund business focused on industrial real estate and started in 2005 under the “Berkeley” funds umbrella. IC is a private equity real estate fund manager with its fund advisor entity, Berkeley Capital Advisors, LLC (“BCA”) acting as the advisor for its value-add industrial real estate funds. IC affiliates act as the general partner entity of several value-add industrial real estate funds: three limited partnerships and one private REIT totaling over \$100 million in assets under management (“AUM”) with approximately 2 million square feet and 550+ tenants, collectively the “IC Berkeley Funds”: (1) Berkeley Capital Partners I, L.P. (2) and Berkeley Capital Partners II, L.P. (3) Berkeley Capital Trust, Inc., a private REIT and its most recent institutional offering (4) IC Berkeley Partners III, L.P.

#### Item 5 – Fees and Compensation

IC and its affiliates provide investment advice to accredited investors, trusts, estates, public and corporate pension plans, and charitable organizations. Fund management is provided on a continuing basis and includes the allocation of assets only as it pertains to investments in real assets, with the exception of IC’s investment in OPCM. This selection of specific real assets provides proper diversification and assists in meeting clients’ stated investment objectives in this particular asset class.

The fee schedule is fixed, based on the investment vehicle which IC manages:

Investment Vehicle	Est. Annualized Fee
Osborne Partners Capital Management, LLC	N/A
Industry Capital RE Partners, LLC and Berkeley Capital Advisors, LLC	2.0%
Industry Capital Resorts Management, LLC	2.0%

The various funds’ limited partners pay IC and its advisor affiliates a management fee and carried interest for its fund management based upon the investors’ assets under management, in the case of OPCM, or capital committed and invested, for the Funds, and performance after a preferred return, respectively. Fund management fees are calculated by multiplying capital committed, by the relevant percent, and dividing such product by four, and some cases two for semi-annual billing, and are paid in advance on the first business day in January, April, July and October.

Asset management fees are calculated by multiplying the assets under management by the relevant percent and dividing such product by one, two, or four, and are paid in advance on the first day of the year, every six months or quarterly, respectively. Fees are payable quarterly but in some cases semi-annually and with its private REIT annually, in advance and such fees may be deducted from the partnerships accounts usually quarterly within 30 days following the end of the quarter for which said fees will be incurred.

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

IC partnerships have the following approximate distribution characteristics:

- First, to limited partners for all their contributed capital plus a percentage preferred return minimum or multiple of invested capital;
- Second to IC affiliates on an 80/20 percent basis between limited partners and IC;
- Thereafter, to IC partners and management team in accordance with their respective percentage interests.

IC's principal fund business is acquiring real assets via the "IC Berkeley" funds as described in Item 4 above. The value-add industrial partnerships from inception in 2006 to 2012 have the following distribution characteristics:

Berkeley Capital Partners I, L.P. (Vintage 2006)

- First, one hundred percent (100%) to each Limited Partner until the cumulative distributions to such Limited Partner equal such Limited Partner's Capital Contributions;
- Second, one hundred percent (100%) to Limited Partners until the cumulative distributions to such Limited Partners are equal to the Preferred Return six percent (6%) as of the time of such distribution;
- Third, one hundred percent (100%) to the General Partner until the cumulative distributions to the General Partner equal the General Partner's Capital Contributions; and
- Thereafter, eighty percent (80%) to such Limited Partners and twenty percent (20%) to the General Partner.

"Preferred Return" means, with respect to any Limited Partner at any time of determination, an amount equal to a cumulative six percent (6%) per annum, compounded annually, on such Limited Partner's Unreturned Capital outstanding at such time. The Preferred Return shall be prorated for any partial Fiscal Year occurring on the date of the investment.

Berkeley Capital Partners II, L.P. (Vintage 2007)

- First, ninety-nine percent (99%) to each Limited Partner and one percent (1%) to the General Partner until the cumulative distributions to such Limited Partner and General Partner equal their Capital Contributions;
- Second, ninety-nine percent (99%) to each Limited Partner and one percent (1%) to the General Partner until the cumulative distributions are equal to the Preferred Return eight percent (8%) as of the time of such distribution;
- Thereafter, eighty percent (80%) to such Limited Partners and twenty percent (20%) to the General Partner.

"Preferred Return" means, with respect to any Limited Partner at any time of determination, an amount equal to a cumulative eight percent (8%) per annum, compounded annually, on such Limited Partner's Unreturned Capital outstanding at such time. The Preferred Return shall be prorated for any partial Fiscal Year occurring on the date of the investment.

Berkeley Capital Trust, Inc. (Vintage 2008)

- First, one hundred percent (100%) to each Stockholder until the cumulative distributions equal to the sum of stockholders' total paid-in-capital (excluding the amount of any selling commissions, placement agent fees, broker-dealer fees and similar fees paid by us from such paid-in capital);

- Second, one hundred percent (100%) to each Stockholder until the cumulative distributions to such each Stockholder are equal to the Preferred Return six percent (6%) as of the time of such distribution;
- Third, twenty-five percent (25%) of the amount of any such subsequent distribution to our stockholders so that our stockholders shall receive eighty percent (80%), and our adviser shall receive twenty percent (20%) of the sum of the amount received. of the sum of the amount received (a) by our stockholders as any such subsequent distribution and (b) by our adviser as the related 'performance' fee.

#### IC Berkeley Partners III, L.P. (Vintage 2012)

- First, one hundred percent (100%) to each of the Partner (including the General Partner) until the cumulative distributions to the applicable Partner equal such Partner's Capital Contributions;
- Second, one hundred percent (100%) to each Limited Partner (including the General Partner or its Affiliates to the extent they hold Limited Partner interests) until the cumulative distributions are equal to the Preferred Return as of the time of such distribution;
- Thereafter, A) eighty percent (80%) to each Limited Partner (including the General Partner or its Affiliates to the extent they hold Limited Partner Interests) and B) and twenty percent (20%) to the General Partner.

"Preferred Return" means, with respect to any Limited Partner at any time of determination, an amount equal to a cumulative eight percent (8%) per annum, compounded annually, on such Limited Partner's Unreturned Capital outstanding at such time. The Preferred Return shall be prorated for any partial Fiscal Year occurring on the date of the investment.

An IC affiliate, is the advisor to a small friends and family real estate fund, Industry Capital Resorts I, L.P., which is invested in two resort assets in California along with other investors. IC's interest in this partnership is held through its 100% interest in Industry Capital Resorts, which in turn owns 100% of Industry Capital Resorts Management, LLC, the general partner of Industry Capital Resorts I, L.P.

#### Industry Capital Resorts I, L.P.

- First, to each Limited Partner in proportion to and to the extent of their respective Priority Return Arrears as of the date of such distribution;
- Second, to the Limited Partners in proportion to and to the extent of their respective Unreturned Capital as of the date of such distributions;
- Third, 75% to the Limited Partners (and among them in the ratio of their respective Percentage Interests) and 25% to the General Partner, until the aggregate amount of distributions made by the Partnership to the Partners (taking account of all current and prior distributions is equal to the 18% IRR amount of the Partners as of the date of such distribution; and
- Fourth, 60% to the Limited Partners (and among them in the ratio of their respective Percentage Interests) and 40% to the General Partner.

## **Item 7 – Types of clients**

IC provides real assets fund management services to accredited high net worth individuals, corporate and public pension and profit-sharing plans, trusts, estates charitable institutions, foundations and endowments. IC provides private equity fund management in co-mingled limited partnerships consistent with industry practices and standards. IC generally requires minimum limited partnership capital commitments of \$5.0 million, which may be altered at the discretion of IC's partners.

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

IC's Core Business: Value-add Industrial real estate funds.

Since 2005, IC's management team's core fund business focuses on building its vertically-integrated real assets fund platform via the IC Berkeley funds. IC's investment goal is to match investors' capital in the Berkeley limited partnerships with deep value, cash-flowing assets from the west coast to the south and to achieve superior returns on an absolute basis in all market cycles. IC's team sources and originates its deals internally as well as based on reputation and strong relationships with numerous brokers and industry professionals. IC's investment professionals are uniquely positioned to identify and acquire assets with temporary versus permanent value impairment, that it can stabilize and manage through disposition. IC sees value in the multi-tenant industry real estate space for a variety of reasons, some of which are: a very large market, tenants on short-term leases to protect asset values in downturns and create an inflation hedge during growth periods, low volatility and correlation with other asset classes, little institutional competition on acquisitions and ownership generally, and belong to a highly inefficient marketplace due to high fragmentation by ownership mostly by families and regional real estate partnerships. IC current asset base is located in primary markets that are in the "smile states" of the United States where there is long-term positive demographic growth.

**Transaction Size:** Range from \$0.5 to \$10 million.

**Fund Size:** From \$25 to \$200 million.

**Ownership:** Control or option to do joint ventures with select partners.

**Management:** IC trains and builds its management team internally so that they can continue building upon its proven track records of success over multiple business cycles. IC seeks high integrity management professionals who embrace its risk management discipline, its value-added approach, and long-term investment horizon.

**Market size:** The industrial real estate market is the largest segment of all real estate classes in the U.S. covering 12 billion square feet. IC Berkeley funds focus on the multi-tenant industrial subset of the industrial market which totals 3 billion square feet.

**Business Model:** IC's investment team, acquires distressed value-add multi-tenant industrial real estate in primary markets that are highly fragmented by ownership (i.e., a lack of institutional ownership) from unsophisticated and/or distressed sellers, then utilizes its vertically integrated asset and property management team to lease-up and stabilize the acquired assets where the tenant base is typically non-creditworthy by profile often generating double-digit unlevered returns and eventually dispose of these aggregated assets at lower cap rates to institutional investors as core-plus portfolios.

As with any investment, investing in these funds involves risk of loss that investors should be prepared to bear. Some of the risks associated with investing in real estate via private funds such as those managed by IC include, but are not limited to, the following.

- Disruptions in the global capital and credit markets may adversely affect the company's business, results of operations, cash flows and financial condition.
- Difficulties or inability to access capital or extend or refinance existing debt;
- Decreasing (or uncertainty in) real estate valuations, market rents and rental occupancy rates;
- Adverse market reaction to the company's strategic initiatives and their implementation;
- Additions or departures of key management personnel may affect our ability to perform;
- Terrorist activity may adversely affect the markets in which the company's securities trade, possibly increasing market volatility and causing the further erosion of business and consumer confidence and spending;
- Governmental regulatory action and changes in tax laws; and
- The realization of any of the other risk factors included in this report.
- The company faces risks associated with the use of debt to fund its business activities, including refinancing and interest rate risks.
- Adverse changes in the company's credit ratings could negatively affect its financing activity.
- Failure to hedge effectively against exchange and interest rates may adversely affect results of operations.
- The company's performance and value are subject to general economic conditions and risks associated with its real estate assets.
- Changes in the general economic climate, such as the current one, including diminished access to or availability of capital (including difficulties in financing, refinancing and extending existing debt) and rising inflation
- Local conditions, such as oversupply of or a reduction in demand for industrial space, will affect our ability to lease our space.
- The attractiveness of the company's properties to potential customers, will affect our ability to lease our space.
- Competition from other properties, will affect our ability to lease our space.
- The company's ability to provide adequate maintenance and insurance, will affect our ability to lease our space.
- Increased operating costs will make it challenging to increase the values associated with our property
- Increased cost of compliance with regulations make it challenging to increase the values associated with our property
- The company may be unable to lease vacant space or renew leases or relet space as leases expire.
- The company could be adversely affected if a significant number of its customers are unable to meet their lease obligations
- Declining real estate valuations and impairment charges could adversely affect the company's earnings and financial condition.
- The properties performance and value are impacted by the local economic conditions of and the risks associated with doing business in California.
- The company may be unable to consummate acquisitions on advantageous terms or at all or acquisitions may not perform as it expects.
- The company may be unable to complete divestitures on advantageous terms or at all.
- Actions by the company's competitors may affect the company's ability to divest properties and may decrease or prevent increases of the occupancy and rental rates of the company's properties.
- The company may be unable to complete renovation, development and redevelopment projects on advantageous terms or at all.
- Real estate investments are relatively illiquid, making it difficult for the company to respond promptly to changing conditions.
- The company may experience losses that its insurance does not cover.

## **Item 9 – Disciplinary Information**



Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of IC or the integrity of IC's management. IC has no applicable information to this Item.

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

Industry Capital Management, LLC commenced operations in 2003 as a spin-off of Industry Ventures, a \$1 billion secondaries fund manager co-founded by Norman D. Villarina in New York City in 1998. Industry Capital Advisors, LLC ("ICA" or "IC"), the Firm's main entity, is owned one hundred percent (100%) by Industry Capital Holdings, LLC which, in turn, is owned seventy-five point one percent (75.1%) by Norman D. Villarina.

IC is registering and combined its registered investment adviser status with that of its core real assets fund business started in 2005 under the "Berkeley" brand which is a private equity real estate fund manager with its fund adviser entity, Berkeley Capital Advisers, LLC ("BCA") which acts as the advisor for its real estates funds. IC affiliates act as the general partner entity of several value-add industrial real estate funds: three limited partnerships and one private REIT totaling over \$100 million in assets under management ("AUM") with approximately 2 million square feet and 550+ tenants, collectively the "IC Berkeley Funds": (1) Berkeley Capital Partners I, L.P. (2) and Berkeley Capital Partners II, L.P. (3) Berkeley Capital Trust, Inc., a private REIT and its most recent institutional offering (4) IC Berkeley Partners III, L.P..

IC and its affiliates have made long-term non-core investments outside its core IC Berkeley real estate fund business. In 2005, IC affiliates acquired a passive equity interest in San Francisco based registered investment adviser, Osborne Partners Capital Management, LLC ("OPCM") a spin-off of Chicago-based Northern Trust. Its AUM has from grown from approximately \$400 million in 2005 to \$1.1 billion in assets today mainly from high net worth clients and small institutions. IC's non-controlling interest in OPCM is held through its 100% interest in OPCM Holdings, LLC. IC also acts as the advisor and general partner of a small \$10 million private friends and family partnership, Industry Capital Resorts I, L.P., which has a long-term passive minority equity interest with other investors in two California resorts. IC's interest in this partnership is held through its 100% interest in Industry Capital Resorts, which in turn owns 100% of Industry Capital Resorts Management, LLC, the general partner of Industry Capital Resorts I, L.P.

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

IC has adopted a Code of Ethics to ensure that securities transactions by its employees are consistent with its fiduciary duty to its clients and to ensure compliance with legal requirements and IC's standards of business conduct. To prevent conflicts of interest, all employees of IC must comply with the Firm's Code of Ethics, which imposes restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons that conflict with IC's core investment activities.

All IC affiliates' participation in the partnership funds will be reviewed by the Managing Partner. Principals and employees will not receive more favorable terms than those received by IC clients or limited partners.

IC's clients or prospective clients may request a copy of the Firm's Code of Ethics by contacting Kingston (415) 273-4212 or via email at [kingston@industrycapital.com](mailto:kingston@industrycapital.com) or Douglas Wertheimer (415) 273-4206 or via email at [doug@industrycapital.com](mailto:doug@industrycapital.com).

### **Item 12 – Brokerage Practices**

To date, IC has not directly established relationships with any securities brokers since it does not acquire publicly traded securities on behalf of its limited partners.

### **Item 13 – Review of Accounts**

IC's management team will review all investments on a quarterly basis to ensure that the investments meet the requirements set forth to their investors in their various partnership agreements.

IC issues quarterly and annual reports to limited partners which generally report and are intended to demonstrate the performance of the funds' assets as well as providing an asset holding summary and summary of significant events affecting the funds holdings. Additionally, the client receives an annual K-1 highlighting the tax effects and performance of their investment.

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

IC does not receive any economic benefits from any persons or entities that are not clients. Further, neither IC nor any of its Supervised Persons directly or indirectly compensate any person, placement agents or entity for client referrals.

### **Item 15 – Custody**

Clients should receive at least quarterly statements from the IC managed funds. IC urges clients to carefully review such statements. IC's statements may vary from third-party statements based on accounting procedures, reporting dates, or valuation methodologies (e.g., DCF valuations vs. current unstabilized properties and their respective cap rates) of certain assets.

### **Item 16 – Investment Discretion**

IC receives discretionary authority from the client at the outset of an advisory relationship to select the particular real assets to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular fund.

### **Item 17 – Voting Client Securities**

IC does not invest in publicly traded securities. Therefore, it does not take any action or render any advice with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held.

### **Item 18 – Financial Information**

IC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.