



Brochure (ADV – Part 2A)

Item 1 – Cover Page

Date of Brochure: June 28, 2013

Firm Name: Alex. Brown Realty, Inc.

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Baltimore, Maryland 21202

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Furthermore, we are required to tell you the following:

This brochure provides information about the qualifications and business practices of Alex. Brown Realty, Inc. (“Alex. Brown Realty”). If you have any questions about the contents of this brochure, please contact us at the contact information provided above. 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 Alex. Brown Realty is available on the SEC’s website at www.adviserinfo.sec.gov.

Our registration as an investment adviser with the SEC does not imply any particular level of skill or training.

Item 2 – Material Changes

This ADV Part 2A Brochure (“Brochure”) replaces Alex. Brown Realty’s prior brochure dated June 28, 2012 for purposes of providing certain updates to Alex. Brown Realty’s business.

The material updates reflected in this Brochure are as follows:

- Item 4, Part E (Client Assets Under Management) has been updated to provide updated figures for both discretionary and non-discretionary assets under management as of March 31, 2013.
- Item 5, Part A (Fees and Compensation – Compensation Method; Fee Schedule; Negotiability) has been updated to disclose that as compensation for its investment management and advisory services, Alex. Brown Realty charges a fixed annual fee to its affiliates that serve as general partners to its Funds. The fee is payable by such affiliates (and not investors or the Funds) out of the management fees they earn from the Funds. Alex. Brown Realty is entitled to waive such fees in its discretion, which it has done historically as a matter of course.
- Item 5, Part A (Fees and Compensation – Compensation Method; Fee Schedule; Negotiability) has been updated to disclose that Alex. Brown Realty may provide certain special servicing, workout or disposition services for a negotiated hourly fee with respect to a mortgage loan investment by a Separate Account Client.
- Item 5, Part E (Fees and Compensation – Compensation for the Sale of Securities) has been updated to clarify the limited circumstances under which Alex. Brown Realty or its supervised persons will accept compensation for the sale of securities.
- Item 10, Part C (Other Financial Industry Activities and Affiliations – Other Material Relationships) has been updated to disclose the existence and capitalization of (1) ABR Chesapeake Ireland IV plc, a pooled Fund Entity which is a client to whom we provide investment advisory and management services, and (2) CPFF 2009 IV, Inc. Investors have been solicited to invest into these Fund entities (directly or indirectly). Additionally, this Item has been updated to expand a previously disclosed potential conflict of interest to apply to this Fund entity.
- Item 11 (Code of Ethics, Participation or Interest in Client Transaction and Personal Trading) has been updated to disclose additional potential conflict of interests and mitigating factors related to co-investments by Alex. Brown Realty and certain members of its management team in limited partnership interests in several of our Funds.

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Item 4 – Advisory Business

Part A - Description of Advisory Business

Description of Firm

Alex. Brown Realty is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Act”). We provide real estate investment management services for qualified domestic and international individuals and institutional investors, such as public and private pension plans, trusts, endowments, foundations and other entities, who invest with us through closed-end, commingled investment funds that we create for their benefit. We also advise a limited number of investors directly through stand-alone or “separate account” arrangements.

Time in Business

Alex. Brown Realty has been in the business of organizing and managing real estate investment opportunities for clients and investors since 1972. We initially registered with the SEC in August 2010.

Principal Owners

No single shareholder owns or controls 25% or more of our common stock; therefore, we have no “principal owners” to report in response to Question 4(A).

Part B - Description of Advisory Services

Alex. Brown Realty provides investment management and advisory services regarding real estate and related investments (including mortgage debt secured by real estate) on behalf of its clients. Our real estate investments are typically limited to commercial properties located in the United States, including retail, office, industrial and hospitality properties, multi-family and single-family housing developments.

Pooled Investment Vehicles

Most of our investors invest through closed-end, private commingled investment funds (“Funds”) that we have organized for their benefit. An affiliate of Alex. Brown Realty serves as the general partner or manager of each of these Funds.

An investor in one of these Funds holds an ownership interest in the Fund entity itself and does not directly own real estate. The Fund entities then typically hold the underlying real estate assets through single-asset limited partnerships and limited liability companies that are managed by affiliates of Alex. Brown Realty under joint venture arrangements with third-party operators.

Separate Account Clients

Alex. Brown Realty also provides investment management and advisory services regarding real estate and related investments (including mortgage debt secured by real estate) to investors who desire to invest outside of our Fund structures (“Separate Account Clients”).

Short-Term Investments

Alex. Brown Realty manages cash for clients and invests client capital in interest-bearing bank accounts and short-term liquid investments, including obligations of federal, state and local governments and their agencies, money market funds, commercial paper and certificates of deposit of federally-insured commercial banks, savings banks or savings and loan associations (“Short-Term Investments”). Alex. Brown Realty may establish discretionary accounts with lenders and their affiliated investment advisers to facilitate such Short-Term Investments. Short-Term Investments are intended to be temporary, pending distribution of such funds to clients or investment of such funds in new or existing real estate investments.

Part C - Tailored Advisory Services

Funds

We tailor our investment advisory and management services to the specific goals, objectives and operating guidelines of each Fund entity, which are disclosed in the Funds’ private placement memoranda and constituent documents (e.g., limited partnership agreements).

Separate Account Clients

The investment advisory services that Alex. Brown Realty provides to its Separate Account Clients are designed to satisfy the individual goals of such clients as outlined in the investment management agreements negotiated with such clients. Such investment advisory services are provided on both a discretionary basis (where the investments are chosen and managed by Alex. Brown Realty without the Separate Account Client’s approval) and a non-discretionary basis (where the Separate Account Client’s approval is required in certain situations).

Part D - Wrap Fee Programs

Not applicable. Alex. Brown Realty does not participate in wrap fee programs.

Part E – Client Assets Under Management

As of March 31, 2013, Alex. Brown Realty managed approximately \$609,627,192 of client assets on a discretionary basis (approximately \$197,295,000 of which constitutes uncalled capital



commitments from investors in Fund clients). Discretionary assets under management are calculated based on the net asset value of such assets.

As of March 31, 2013, Alex. Brown Realty managed approximately \$14,453,188 of client assets on a non-discretionary basis. Non-discretionary assets consist solely of commercial mortgage loans held directly by Separate Account Clients, and are valued on the basis of the outstanding principal balance of such loans.

Alex. Brown Realty is deemed to manage client assets on a “discretionary” basis when its clients have given Alex. Brown Realty authority to determine the real estate and related investments to make and when to buy and sell those investments, as well as the authority to make ongoing management decisions over the investment’s life cycle. However, even in these instances, Alex. Brown Realty’s discretion may be subject to limitations and restrictions as outlined by the client in the investment management agreement, in investment guidelines, or in an investment policy statement.

Alex. Brown Realty is deemed to manage client assets on a “non-discretionary” basis when it must seek the approval of a client before buying or selling a real estate or related investment on such client’s behalf, or to make ongoing management decisions over the investment’s life cycle.

Item 5 – Fees and Compensation

Part A - Compensation Method; Fee Schedule; Negotiability

Fees – Funds

As compensation for the investment management and advisory services that Alex. Brown Realty provides to its Funds, we receive the following:

- management fees calculated as a stipulated percentage of investor capital contributions and capital commitments; and
- performance-based fees as described in Item 6 below.

The fees described above are payable to certain affiliates of Alex. Brown Realty that serve as general partners to certain of the limited partnerships identified in Item 10, Part C below.

Pursuant to investment advisory agreements between Alex. Brown Realty and such affiliates, Alex. Brown Realty is entitled to receive a fixed annual fee for the investment management and advisory services that it provides to such affiliates. Such fee is payable by such affiliates (and not investors or the Funds) out of the management fees they earn from the Funds. Alex. Brown Realty is entitled to waive such fees in its discretion, which it has done historically as a matter of course.

In addition, a limited number of Fund structures compensate Alex. Brown Realty by payment of the following fees:

- fixed annual administration fees; and
- asset management fees that vary depending on the transaction type and nature of the underlying real estate asset. An example would be a fee calculated as a percentage of gross revenue or net operating income from the real estate asset.

The foregoing fees are generally payable quarterly in arrears, and have historically not been negotiable. With respect to certain Fund entities, investors who are admitted after the initial investor closing in such Fund entity may be required to pay an allocable share of the Fund entity's management fees that such investor would have been allocated if it had been admitted to the Fund entity at the initial investor closing. The governing documents and private placement memoranda for the Funds disclose these fees in greater detail.

Fees – Separate Account Clients

Fees payable by Separate Account Clients are generally negotiable. A common structure would require such Separate Account Clients to pay to Alex. Brown Realty or an affiliate (1) a placement, acquisition, commitment or other similar fee calculated as a fixed percentage of the total amount of client capital invested and (2) an annual asset management, administration and/or

servicing fee calculated as a fixed percentage of client capital invested, subject to reduction for return of capital from certain capital or other events.

With respect to Separate Account Clients for whom Alex. Brown Realty provides mortgage loan advisory services, the cost of servicing and certain other fees, although payable by the Separate Account Clients to ABR or an affiliate, may be passed on to the underlying mortgage borrower either directly or by increasing the interest rate of the underlying loan, all as set forth in the investment advisory agreement or other documents governing the investment.

Fees are not paid by Separate Account Clients in advance. The investment advisory agreement or other documents governing the investment explain the fees payable by Separate Account Clients in greater detail.

Other Fees

From time to time, Alex. Brown Realty's employees may provide certain legal and accounting services to pooled investment vehicles. Depending on the arrangement with the particular pooled investment vehicle, these services are generally provided at no more than a reasonable estimation of the cost of the applicable employee's time spent on such matters, and our right to be reimbursed for these services is waived periodically. These fees are not negotiable and are payable only after the services have been provided.

In addition, from time to time, Alex. Brown Realty's employees may provide to Separate Account Clients certain legal and accounting services, and, with respect to a specific mortgage loan investment, certain special servicing, workout, and disposition services. Depending on the arrangement with the particular Separate Account Client, these services are generally provided at a negotiated hourly rate ranging between \$55 and \$250 per hour, and are payable only after the services have been provided.

Part B - Method of Payment

Alex. Brown Realty and applicable affiliated parties have the right to deduct fees directly from cash flow received by, and investor capital contributions made to, Fund entities. Management fees and administration fees are paid quarterly, in arrears. Acquisition fees are paid upon the closing of a new investment. Commitment fees for mortgage loan investments made by Separate Account Clients are paid at the closing of a new loan or, if the loan does not close, as provided in the applicable investment advisory agreement or other documents governing the investment.

Performance-based fees are payable in accordance with the terms of the governing documents for the pooled investment vehicles or other entities that provide for such fees. However, performance-based fees are only payable from realized gains and profits, and are not payable from mere unrealized appreciation in asset values.

Clients and investors are not typically billed or invoiced for fees incurred.

The method for payment of Alex. Brown Realty's fees is fixed by the terms of the governing documents applicable to an investment in the pooled investment vehicles and other applicable entities or an investment by a Separate Account Client. Thus, investors who invest in such investments may not select which method of payment they would prefer.

Part C – Other Types of Fees or Expenses

Except as noted in this Brochure or in the applicable Fund private offering memoranda, Separate Account Clients and investors who invest in our Funds are not obligated to pay other fees or expenses in connection with our advisory services. The Fund entities and separate account entities reimburse Alex. Brown Realty and its affiliates for various expenses incurred in connection with the management of such vehicle or entity. Reimbursement policies are disclosed in the private placement memoranda and constituent documents of the Fund entities or separate account entities.

Separate Account Clients and investors in Funds are not billed on a direct basis for real estate brokerage fees or other transaction costs associated with the purchase, leasing, management or sale of real estate assets, or custodial or administrative fees payable to third parties. Instead, these fees, costs and expenses are paid by the Fund entities or other applicable entities (or paid by Alex. Brown Realty or an affiliate, which is entitled to reimbursement); these items therefore are likely to impact the overall performance of an investment.

Part D – Pre-Paid Fees

Alex. Brown Realty's fees are earned when services are provided, and are typically paid in arrears after the services have been provided.

Part E – Compensation for the Sale of Securities

Except as set forth in Item 5, Part A (Fee - Funds) above, Alex. Brown Realty does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Except as set forth in this Part E below, none of Alex. Brown Realty's supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

As part of a compensation package provided to a supervised person hired by Alex. Brown Realty in 2011, a portion of such supervised person's annual compensation will be calculated as a percentage of fees earned under an advisory relationship with a single Separate Account Client with which such supervised person had a pre-existing relationship. In addition, this supervised person is one of six members of the Alex. Brown Realty investment committee responsible for

the recommendation of investment decisions to this Separate Account Client. While this arrangement does present a conflict of interest by providing such supervised person an incentive to expand Alex. Brown Realty's relationship with such Separate Account Client, these conflicts are mitigated and addressed by the following factors: (1) the relationship may only be expanded with the joint approval of (a) a majority of the six members of the investment committee, five of whom receive no additional compensation from the expansion, and (b) the Separate Account Client, who has discretionary authority over new investments recommended by Alex. Brown Realty; (2) the additional compensation owed to such supervised person is paid by Alex. Brown Realty with no reimbursement by the Separate Account Client; and (3) the term of the compensation arrangement expires in 2015.

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

Performance-Based Fees

Alex. Brown Realty and certain of its affiliates accept performance-based fees from pooled investment vehicles and other entities. These fees are calculated as a percentage of the realized net return above a certain minimum return to investors (e.g., 20% to Alex. Brown Realty or its affiliate after payment of a preferred return on investor capital ranging from 8.0% to 10.0%). Such fees are disclosed in the private placement memoranda and in the governing documents related to such vehicles and entities.

While Alex. Brown Realty believes that performance-based fees serve to align our interests with those of our clients and investors, our receipt of performance-based fees may incentivize Alex. Brown Realty and our affiliates to make investment decisions that are riskier or more speculative than those that would be made in the absence of such performance-based fees.

Side-by-Side Management

Alex. Brown Realty manages accounts that are charged both fixed management and other fixed fees as described in Item 5 above, as well as performance-based fees as described in this Item 6 above. Alex. Brown Realty also manages accounts that are only charged fixed management fees and other fixed fees as described in Item 5 above. The SEC refers to this as “side-by-side management.”

Alex. Brown Realty believes that performance-based fees serve to align Alex. Brown Realty’s interests with the interests of our clients who pay such fees. However, such performance-based fees may create a conflict of interest by giving Alex. Brown Realty and our affiliates a financial incentive to make investment decisions that are riskier or more speculative than those that would be made in the absence of such performance-based fees.

In addition, side-by-side management scenarios create a potential conflict of interest by giving Alex. Brown Realty and its affiliates an incentive to devote more resources or allocate more favorable investment opportunities to client accounts that pay performance-based fees instead of those that pay only fixed fees.

A variety of measures are in place to mitigate these risks. The most significant safeguard is the fact that, typically, there is no overlap of investment objectives between client accounts that pay performance-based fees and client accounts that do not pay performance-based fees; accordingly, investment opportunities do not often overlap between these types of client accounts.

In addition, if such overlap nonetheless occurs, Alex. Brown Realty’s investment allocation policy requires Alex. Brown Realty to allocate investments between competing clients on a fair

and equitable basis, having due regard for concentration and other suitability risks, timing in the respective clients' investment periods, required capital commitments relative to the remaining capital of the respective clients, and the portfolio of assets held by respective clients. The primary basis for allocating investment opportunities is finding the best "fit" among competing clients when these metrics are considered.

If these considerations do not yield a definitive conclusion regarding the allocation, the investment will either be allocated (1) on a client rotation schedule, or (2) if appropriate in light of the metrics discussed above, jointly to the respective clients on a co-investment basis.

Investment allocation decisions are never made based on which of two (or more) competing clients will yield the greatest financial reward to Alex. Brown Realty.

Item 7 – Types of Clients

Types of Clients

Alex. Brown Realty's clients are almost exclusively "legal organizations" (as defined in Rule 203(b)(3)-1(a)(2)(i) under the Act) to which we provide investment advice based on the particular legal organizations' investment objectives rather than the individual investment objectives of the underlying investors. These legal organizations are primarily pooled investment vehicles, including (1) limited partnerships that are structured to comply with the registration exemptions available under § 3(c)(1) and § 3(c)(7) of the Investment Company Act of 1940, as amended, and § 4(2) of the Securities Act of 1933, as amended, and (2) pooled investment vehicles formed in Ireland and authorized by the Irish Central Bank pursuant to Part XIII of the Irish Companies Act 1990, which we sponsor and manage through our affiliates. The investors in these pooled investment vehicles are primarily high net worth individuals, publicly sponsored and privately sponsored pension plans, private endowments and foundations, and similar institutional investors.

Alex. Brown Realty also advises a limited number of Separate Account Clients (including high-net worth individuals and state and locally-sponsored pension plan investors).

Minimum Account Size

Depending on the nature of the underlying investment security, we sometimes impose minimum investment amounts (typically ranging from \$500,000 to \$3,000,000) on investors in our Funds and on Separate Account Clients. Subject to the requirements of certain legal restrictions (which may impose independent minimum investment thresholds over which we have no control), we may waive these minimum investment amounts, as disclosed in the private placement memoranda and governing documents of the Fund entities and other applicable entities.

IMPORTANT NOTICE

This Brochure may be provided to a prospective investor in one of our privately-offered Funds, together with the Fund's private placement memorandum ("PPM"), organizational documents and other related documents ("Governing Documents"), in connection with such prospective investor's consideration of an investment in the Fund. While this Brochure may include information about the Fund, it does not represent a complete discussion of the features, risks or conflicts associated with the Fund. More complete information about each of our Funds is included in its PPM and other Governing Documents.

In no event should this Brochure be considered an offer of interests in a Fund or relied upon in determining to invest in a Fund. It is also not an offer of, or agreement to provide, advisory services directly to any recipient. Rather, this Brochure is designed only to provide information

about us to comply with regulatory requirements under the Advisers Act, which may cause information in this Brochure to differ from the information provided in a PPM. If there is any conflict between the information in this Brochure and similar information in the Fund's PPM, you should rely on the information in the PPM.

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

Methods of Analysis and Investment Strategies

In the selection of investments for its clients, Alex. Brown Realty analyzes a variety of factors to ensure that targeted investments comport with the client's stated investment objective or policy. This analysis includes:

- in-depth review of the underlying real estate asset's fundamentals (occupancy/vacancy, rental rates, expenses, etc.) and characteristics (identity and creditworthiness of major tenants, review of third-party environmental and engineering reports);
- detailed research of the trends and dynamics of the markets and submarkets in which the underlying real estate asset is located, and the fundamentals of competing properties in those markets and submarkets;
- the qualifications and expertise of the operating joint venture partners and third parties upon whom Alex. Brown Realty will rely to manage the day-to-day operations of the underlying real estate asset;
- the national climate for real estate investments, and related trends in debt and equity capital markets; and
- the terms of mortgage financing that are available to acquire, own and operate the underlying real estate asset.

As noted in Item 4, Part B above, Alex. Brown Realty also advises clients on Short-Term Investments. Alex. Brown Realty may establish discretionary accounts with lenders and their affiliated investment advisers to facilitate such Short-Term Investments. In selecting Short-Term Investments for clients, Alex. Brown Realty's analysis is primarily fundamental, whereby the creditworthiness of the security obligor is analyzed through review of rating agency analyses and other publicly available information.

Investments in real estate and related investment products involve economic and business risks inherent to the asset class, as described in "Material Risks" below. Such investments involve a risk of loss that our clients and investors should be prepared to bear.

Material Risks

General Real Estate Risks

Investments in real estate and related securities are subject to varying degrees of risk. The investments that we make on behalf of our clients will be subject to the risks generally associated with real estate investments, such as, among others, adverse changes in: (1) national or local economic conditions, neighborhood characteristics or the investment climate for real estate; (2)

real estate tax rates, operating expenses, and energy and transportation costs; (3) zoning, building and land use laws and regulations; (4) occupancy or rental rate prospects for assets due to competition or competitive over-building in the geographic area in which an asset is located; (5) governmental rules and fiscal policies; (6) patterns of employment and transportation; (7) utilization of adjacent land; (8) demographic trends; (9) interest rates and availability of mortgage funds or other financing; (10) federal, state or local income tax laws; (11) governmental policies affecting real property generally; and (12) the provision of adequate public utilities or other public facilities in the geographic area surrounding an asset. Our investments may also be subject to the risks associated with (a) competition for real estate investments with individuals and third-party sponsors with similar investment objectives; (b) increased environmental liabilities; and (c) possible condemnation and eminent domain proceedings. Such changes and factors, as well as other factors which are beyond our control, could adversely affect investor returns.

Risks of Value-Added Investment Strategy

Alex. Brown Realty frequently pursues investment opportunities on behalf of its clients that will require “value-added” services including, without limitation, management of development activities, initial lease-up or pre-operational activities, and substantial asset rehabilitation or repositioning efforts. While such investments have the potential to generate higher rates of return than investments in properties that do not require such services, they also entail higher levels of risk. These risks include but are not limited to: (1) the risk that required governmental approvals, licenses or permits will not be obtained; (2) the risk that construction or rehabilitation of improvements will not be completed within the budgeted time or at the budgeted costs; (3) the risk that tenants will not be found for a newly-constructed property or that new tenants will not be found for a repositioned property; (4) the risk of the failure of the general contractor or subcontractors to perform their obligations; and (5) the risk arising from the fact that properties which are not yet fully developed generally do not generate cash flow.

Joint Venture Risk

Alex. Brown Realty regularly pursues investment opportunities on behalf of its clients through “joint venture” arrangements with third parties. Under these arrangements, the joint venture partner often contributes equity capital to the transaction, is responsible for day-to-day oversight of property operations, and receives asset management fees and performance-based fees. These joint venture arrangements involve risks not present in a direct investment in such Property. For example, there is the possibility that the joint venture partners may become bankrupt, have economic or business interests or goals which are inconsistent with the business interests or goals of our clients, or be in a position to take action contrary to our instructions, requests, and the investment policies or objectives of our clients. In addition, there is a risk of impasse between

the parties to the joint venture. To mitigate these risks, Alex. Brown Realty focuses on retaining “major decision” rights in such joint venture relationships (e.g., the right to unilaterally make hold/sell decisions). However, these non-economic rights must be negotiated with joint venture partners along with other components of the joint venture, such as economic splits and fees, which may impair Alex. Brown Realty’s right to make unilateral major decisions regarding property investments.

Availability of Financing and Risks of Leverage

Alex. Brown Realty makes regular use of leverage in the acquisition and ownership of real estate and related assets on behalf of its clients. Leverage involves a high degree of financial risk and may increase the exposure of an investment to factors such as rising interest rates, economic downturns and deterioration of properties or neighborhoods. The use of leverage often subordinates investor returns to the prior payment of principal and interest to the lender. In addition, if revenues or refinancing or sales proceeds are insufficient to repay any loan, the lender could foreclose on the property asset and all or part of a client’s investment in such property may be lost.

Side Letters with Fund Investors.

Investors may from time to time negotiate “side letters” governing their investments in certain Fund entities that modify or supplement their rights and obligations under the applicable Fund partnership agreements, including placing limits on their maximum capital contributions or compensation to be paid to Alex. Brown Realty or its affiliates that would be allocable to such Fund investor. There is no “most favored nations” status granted to all Fund investors generally and no Fund investor will be entitled (except as provided in such investor’s side letter) to any rights or obligations agreed upon with another Fund investor in any such side letter.

Summary Only

The foregoing is only a summary of certain material risks inherent in real estate and related interests, including investments managed by Alex. Brown Realty. For Fund investors, a more comprehensive discussion of the risks applicable to an investment managed by Alex. Brown Realty is set forth in the applicable Fund’s private placement memorandum, which should be reviewed in its entirety.

Item 9 – Disciplinary Information

We have no information to report in response to this item.

Item 10 – Other Financial Industry Activities and Affiliations

Part A - Broker-Dealers

Neither Alex. Brown Realty nor any member of its management is registered, or has an application pending to register, as a broker-dealer or representative of a broker-dealer.

Part B - Futures Commission Merchant, Etc.

Neither Alex. Brown Realty nor any member of its management is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, or a commodity trading advisor, or is an associated person of any of the foregoing.

Part C – Other Material Relationships

Fund Relationships

Management persons or subsidiaries of Alex. Brown Realty serve as directors, officers, general partners or managers of the following Fund entities. These pooled Fund entities are either clients to which we provide investment advisory and management services or are entities designated to consolidate client capital within the various Funds. Investors are, or have been in the past, solicited to invest (directly or indirectly) in these Fund entities.

- ABR Chesapeake Investors III Limited Partnership
- ABR Chesapeake Investors IV Limited Partnership
- ABR Chesapeake Ireland IV plc (non-US Fund entity)
- ABR Chesapeake Limited Partnership
- ABR Chesapeake III Limited Partnership
- ABR Chesapeake IV Limited Partnership
- ABR Properties III, LLC
- ABR Properties IV, LLC
- Alex. Brown Realty Investors Limited Partnership
- Alex. Brown Realty Investors II Limited Partnership
- Alex. Brown Realty Chesapeake III Limited Partnership
- Alex. Brown Realty Chesapeake IV Limited Partnership
- Chesapeake Investments Limited Partnership
- Chesapeake Investments II Limited Partnership
- Chesapeake Investments III Limited Partnership
- Chesapeake Investments IV Limited Partnership
- Chesapeake Maryland Limited Partnership
- Chesapeake Property Limited Partnership

- Chesapeake Property II Limited Partnership
- Chesapeake Property III Limited Partnership
- Chesapeake Property IV Limited Partnership
- Chesapeake Property Finance Fund II plc (non-US Fund entity)
- CPFF 2009 IV, Inc.

John M. Prugh, an officer and director of Alex. Brown Realty, and Paul M. Caron, a director of Alex. Brown Realty, also serve as directors of Chesapeake Property Finance Fund II plc, ABR Chesapeake Ireland IV plc, and Alex. Brown Realty Management Limited, which is the manager entity with discretion over certain activities of Chesapeake Property Finance Fund II plc and ABR Chesapeake Ireland IV plc. As part of an investment structure disclosed to investors in the applicable Fund offering and supplemental materials, (1) all of the net investable capital of ABR Chesapeake Ireland IV plc has and will continue to be invested in specified share series of Chesapeake Property Finance Fund II plc, and (2) various share series of Chesapeake Property Finance Fund II plc have loaned and will continue to loan funds on an interest-bearing basis to certain of the U.S. Fund entities referenced above. These U.S. Fund entities are controlled by general partners that are wholly-owned subsidiaries of Alex. Brown Realty, and for which John Prugh serves as an officer and director. This borrower/lender relationship between these parties creates a potential conflict of interest that would be most acute during periods of potential borrower default under the loans. These conflicts are mitigated by a variety of factors, including the following: (a) the boards of directors that control the borrowers are made up of different parties than the boards that control the lender (Chesapeake Property Finance Fund II plc), and each board owes fiduciary responsibilities to act in the best interests of the applicable Fund entity that it governs; (b) contractual limitations in the loan documents that govern the loans; and (c) certain substantial changes to and default waivers under the loans require the approval of either the Irish Central Bank or the majority of shareholders in the applicable share series of Chesapeake Property Finance Fund II plc.

Accountants and Lawyers

Alex. Brown Realty has in-house accounting and legal staffs that provide services to clients in their capacities as Alex. Brown Realty employees.

Except as discussed above and in Item 11 below, we do not believe that any of the foregoing relationships create material conflicts of interest with our clients.

Part D – Other Investment Advisers

Alex. Brown Realty has selected other registered investment advisers to manage Short-Term Investments on behalf of its clients. However, Alex. Brown Realty does not receive compensation directly or indirectly from such investment advisers. Instead, these investment



advisers are typically affiliated with a Fund-level lender from which Alex. Brown Realty obtains credit on behalf of its Funds, and the Short-Term Investments managed by such investment advisers are usually maintained pursuant to the requirements of such credit arrangements. Alex. Brown Realty does not have any other business relationships with the investment advisers engaged to manage the Short-Term Investments or any business relationships with other investment advisers that could create a material conflict of interest.

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

Code of Ethics Summary

Our code of ethics, which has been acknowledged by each of our directors, officers and employees, reminds us that we owe a fiduciary duty to our clients with respect to the advisory and management services that we provide, and that we are obligated to comply with federal and state securities laws that apply to our client relationships. The code further requires that our employees provide periodic reports with respect to certain of their financial holdings to our chief executive officer, who reviews these reports to ensure that no employee is investing for himself or herself personally in a manner inconsistent with the fiduciary duty we owe to our clients.

We will provide each client, prospective client, and each current and prospective investor in our Funds with a copy of our code of ethics upon request delivered in writing to:

Alex. Brown Realty, Inc.
Attention: Chief Compliance Officer
300 East Lombard Street, Suite 1200
Baltimore, Maryland 21202
Telephone: (410) 727-4083

Participation/Interest in Client Transactions; Personal Trading

Alex. Brown Realty and certain members of its management team have acquired, directly or indirectly, as investors, limited partnership interests in several of our Funds, and we expect to do so in current and future private fund offerings. These investments are made on the same economic and legal terms as are available to other investors in the applicable Fund entities. We believe the co-investment structure aligns the interests of Alex. Brown Realty with those of its clients. We believe conflicts of interests in the normal course of business generally do not arise in this relationship, but conflicts that may arise are mitigated through (1) Alex. Brown Realty's fiduciary obligations to act in the best interest of its clients, (2) contractual limitations in the investment advisory agreements and limited partnership agreements that govern Alex. Brown Realty's activities as advisor or general partner, as applicable, (3) the necessity of maintaining Alex. Brown Realty's strong reputation in the real estate investment advisory marketplace and (4) the requirement of Alex. Brown Realty not to place its interests before its clients' interests when managing Alex. Brown Realty's investment in Alex. Brown Realty sponsored Funds. We note that some of our larger investors in Funds condition their investment upon Alex. Brown Realty's co-investment in the Fund.

We solicit investments from current and potential Fund investors into limited partnerships for which our subsidiary entities act as general partners, and these Fund entities often invest into and through intermediary entities for which our subsidiary entities act as general partner or manager.

We also recommend investments in real estate investments and related interests to our Separate Account Clients; these investments may be made alongside Fund entities in which we own direct or indirect interests as described in the previous paragraphs.

In addition, we will from time to time recommend that our clients (a) buy or sell interests in single-purpose entities that hold title to the underlying real estate assets and related interests, when our affiliate entities are allocated nominal economic interests, either as general partners of such entities or to preserve tax or other economic benefits for our clients; and (b) sell interests in such entities in which certain of our employees hold minority interests. We no longer permit employees to acquire direct interests in such entities or the underlying real estate assets. To mitigate conflicts of interest that may arise from these situations, material decisions made with respect to these investments must be approved by Alex. Brown Realty's investment committee in accordance with procedures designed to provide the investment committee members with sufficient time and information to make a fully informed decision. This requirement minimizes the risk that a decision would be made based on any criteria other than the client's best interests.

These situations are disclosed either in the private placement memoranda applicable to our fund offerings or are disclosed separately to our clients, and are generally not resolved through arm's-length negotiations but rather through the exercise of our judgment exercised in good faith. In addition, certain conflicts of interest within some Funds are subject to the review and approval of one or more independent advisory boards.

Item 12 – Brokerage Practices

Alex. Brown Realty does not utilize broker-dealers in the buying or selling of investments on behalf of its clients. The questions asked by this Item 12 therefore do not apply to our business.

Item 13 – Review of Accounts

Alex. Brown Realty’s investment committee meets regularly with asset managers in charge of the oversight of client real estate and related investments. Generally, each asset will be reviewed once per month (or more frequently if the asset’s circumstances demand), although these meetings are typically suspended during the period when annual asset business plans are prepared by the asset management team and reviewed by the investment committee. The goal of such regular meetings is to review and evaluate the status of each real estate investment and its performance relative to the annual business plan that was approved for such asset.

Our “investment committee” consists of (1) John M. Prugh, our president and chief executive officer; (2) Thomas R. Burton, our chief investment officer, chief operating officer and vice president; (3) Kathleen M. Flynn, our secretary and vice president; (4) Timothy M. Gisriel, our chief financial officer and vice president; and (5) Lawrence E. Collins, our director of asset management and vice president. In addition, Martin J. West is an investment committee member with respect to a single Separate Account Client.

The nature and frequency of reports to clients are determined primarily by the particular needs of each client. We generally prepare and issue to clients and Fund investors written quarterly portfolio analysis, valuation and performance reports. In addition, we generally provide annual reports summarizing the prior year’s performance along with audited financial statements of the applicable Fund entities.

Item 14 – Client Referrals and Other Compensation

From time to time, Alex. Brown Realty or its affiliates may pay a third party (“Solicitor”) a fee or compensation for referral of a client to invest in a Fund or directly into a real estate investment. The Solicitor will be required to provide prospective clients with a current copy of our Brochure and the Solicitor's written disclosure statement. The Solicitor's statement will disclose the particulars of the referral relationship and the compensation we will pay to the Solicitor. We have no current arrangements with Solicitors.

We may also retain third-party placement agents to market interests in our Funds to investors. These parties are compensated based on a percentage of the capital commitments of the investors whom they introduce to the applicable Fund, although certain other compensation may be payable as disclosed to the investors. These compensation arrangements are disclosed in the Fund private placement memoranda and other governing documents.

In addition, several of our clients and investors engage the services of consultants in connection with their investments and investment managers. Compensation under this arrangement is typically be paid by the client or investor.

Item 15 – Custody

Because we or an affiliate serves as general partner or manager of our Fund entities, we are deemed to have “custody” of client funds and securities within the meaning of Rule 206(4)-2 under the Advisers Act. In accordance with that rule, we provide the investors in such Fund entities with audited financial statements that comply with generally accepted accounting practices (GAAP) within 120 days following the Fund entity’s fiscal year-end.

Item 16 – Investment Discretion

Fund entities and the investors therein grant Alex. Brown Realty full discretion to make investments on behalf of the account subject to investment guidelines that may be incorporated in the applicable agreements. Separate Account Clients may or may not grant Alex. Brown Realty such discretion. With respect to our Fund entities domiciled in Ireland, this investment discretion may be shared with a third party investment manager authorized to provide investment management services to Irish entities. As a result, subject to such guidelines and limitations, Alex. Brown Realty has discretion to determine whether, when and how an asset should be purchased, sold and managed, including decisions related to capital improvements and leverage on the assets.

In addition, Alex. Brown Realty may establish discretionary accounts with lenders and their affiliated investment advisers to facilitate such Short-Term Investments. These investment advisers are typically affiliated with a Fund-level lender from which Alex. Brown Realty obtains credit on behalf of its Funds, and the Short-Term Investments managed by such investment advisers are usually maintained pursuant to the requirements of such credit arrangements. Each such arrangement grants the bank or advisor discretionary authority over such investments.

Item 17 – Voting Client Securities

Alex. Brown Realty does not invest in publicly-traded securities on behalf of its clients, and therefore does not obtain voting rights in connection therewith that may be voted on behalf of clients.

Alex. Brown Realty does, however, acquire on behalf of its clients certain privately held membership interests and partnership interests in special purpose entities created to hold title to real estate investments and related interests. These entities generally comprise joint venture arrangements, where capital contributions, returns and management authority/voting rights are shared under various negotiated arrangements with third-party property operators.

In connection with these investments, a subsidiary of Alex. Brown Realty frequently becomes a general partner or manager of such property-level entities, and therefore obtains the right to vote and make decisions on matters related to the underlying real estate investments. These voting rights are often, but not always, limited to votes on certain “major decisions” regarding the underlying real estate assets (e.g., hold/sell decisions and decisions regarding major leasing matters).

Our policies and procedures require asset managers to monitor events at properties, and to report material developments to members of our investment committee at regular meetings held for this purpose. Material decisions and votes (e.g., a decision to sell an asset) must be approved by the majority of our investment committee; less significant decisions and votes (e.g., lease approvals) may be approved by the applicable asset manager and reported to the investment committee.

Our policies and procedures remind our investment committee members, asset managers, officers and employees to identify conflicts of interest as they arise, and report them to our chief compliance officer. Our chief compliance officer is responsible for ensuring that we observe our fiduciary obligations when voting and making decisions that are subject to these conflicts.

Our clients have no authority to direct how we choose to vote on these matters.

We will provide each client and each investor in our Funds with (1) a copy of our securities voting policies and procedures, and (2) reasonable information regarding how and why we made specific voting decisions on behalf of our clients (subject to confidentiality obligations we may owe to transaction counterparties), upon request delivered in writing to:

Alex. Brown Realty, Inc.
Attention: Chief Compliance Officer
300 East Lombard Street, Suite 1200
Baltimore, Maryland 21202
Telephone: (410) 727-4083

Item 18 – Financial Information

Part A – Prepayment of Fees

Alex. Brown Realty does not require that its clients prepay fees.

Part B – Financial Condition

Alex. Brown Realty has discretionary authority over client funds and securities. We are not currently aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.

Part C – Bankruptcy

Alex. Brown Realty has not been the subject of any bankruptcy petition since it commenced business in 1972.