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**This brochure provides information about the qualifications and business practices of Lubert-Adler Management Company, L.P. If you have any questions about the contents of this brochure, please contact Michelle Vaughn at [mvaughn@lubertadler.com](mailto:mvaughn@lubertadler.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Lubert-Adler Management Company, L.P. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Lubert-Adler Management Company, L.P. is registered as an investment adviser with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training.

## **Item 2. Material Changes**

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

The following is a discussion of only material changes since our brochure filing dated August 29, 2012:

- Updated to the adviser’s assets under management to reflect the new numbers as of December 31, 2012;
- Updated the format and disclosure language throughout this Brochure to reflect the firm’s advisory business; and
- Updated Item 10 - Other Financial Industry Activities and Affiliations section to reflect the roles and responsibilities of Independence Capital Partners, LLC.

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#### **Item 4. General Information about Lubert-Adler**

Lubert-Adler Management Company, L.P., (“Lubert-Adler”) is a real estate investment management firm co-founded by Ira M. Lubert and Dean S. Adler in March 1997. Messrs. Lubert and Adler collectively have collectively over 60 years of experience in underwriting, acquiring, repositioning, refinancing and exiting real estate assets and are still active in the management of Lubert Adler.

Lubert-Adler’s investment team consists of more than 20 experienced professionals with strong backgrounds in real estate acquisition, redevelopment, asset management, distressed restructurings, structured finance, and capital markets. On average, team members have over 16 years of hands-on real estate experience while most of the senior members have worked together for a substantial length of time throughout the duration of Lubert-Adler. Additionally, Lubert-Adler has established an extensive network of industry relationships and strategic third-party operating partners, who are critical in creating real estate transaction flow.

Lubert-Adler provides investment management services exclusively to its funds that are privately offered pooled investment vehicles (“Funds” or “Lubert-Adler Funds”), each of which invests in real estate or real-estate related investments. The Funds will typically have control and the majority ownership of underlying joint venture partnerships or limited liability companies that invest in real estate, along with a third party operating partner. Therefore, any references to a real estate investment will typically be occurring as a joint venture entity. References herein to Lubert-Adler may include, as the context requires, various entities controlled by Lubert-Adler or its partners and entities in which Lubert-Adler provides investment management services, such as affiliated general partners and management companies (i.e., relying advisers).

No Fund’s shares are offered hereby and each Fund is open for investment only via a “private offering,” and is intended only for investment by “accredited investors,” as those terms are defined under the Securities Act of 1933, as amended (“Securities Act”). Each Fund’s investment objective includes providing a certain level of returns net of fees and expenses as described in detail in each of the Fund’s offering documents. In pursuit of each Fund’s investment objective, Lubert-Adler utilizes a value-oriented combination of opportunistic acquisition philosophies with value enhancement programs. Lubert-Adler’s advice is generally limited to real estate and real-estate related investments, although certain other types of investments may be utilized in various circumstances.

Though Lubert-Adler utilizes a similar strategy for all of the Funds, it tailors advisory services to the specific needs of the Funds to the extent that certain securities cannot be held by certain Funds for legal or tax purposes. From time to time, Lubert-Adler may enter into agreements, commonly known as “side letters,” with certain investors under which Lubert-Adler may agree to waive or modify the application of certain investment terms applicable to such investor, without obtaining the consent of any other investor in the Funds, other than such an investor whose rights would be materially and adversely changed by such waiver or modification.

As of December 31, 2012, Lubert-Adler managed \$2,666,179,744 of regulatory assets under management, on a discretionary basis.

## **Item 5. Fees and Compensation**

The specific terms for Lubert-Adler's compensation by each Fund are dictated by the Fund's organizational documents, offering documents, management and advisory agreements, and any other applicable agreements (such as side letters or waivers).

*Management Fee* - Each Fund generally pays a management fee (the "Management Fee"). A Fund's Management Fee will generally commence on the date of the Fund's initial closing or the date in which the previous Lubert-Adler Fund is no longer required to invest (that is, the date on which 100% of commitments to the previous Fund have been invested, returned, released or reserved) and thereafter will be paid quarterly in advance on the first day of each calendar quarter. The Management Fee will be based on a percentage of aggregate equity invested in unsold assets (less permanent and unrecoverable write downs) or committed to a Fund by its investors, and may vary based on the stage of investment of the Fund and the amounts committed to the Fund by its various investors. The Management Fee generally ranges from 1% to 2%, but may be negotiated to be lower for certain investors based on the size of the investments.

In the event that a Fund's investment advisory agreement with Lubert-Adler terminates during a period covered by Management Fees paid in advance, Lubert-Adler would pro rate such Management Fee and reimburse the portion of such Management Fee covering the remainder of the period.

*Carried Interest* - Lubert-Adler is also entitled to receive a distribution of the investment proceeds from the Funds, generally subject to certain conditions such as the prior return of capital to Fund investors and/or prior payment to Fund investors of a certain rate of return on invested capital ("Carried Interest"). Proceeds available for distribution will consist principally of cash generated from continuing operations of the assets owned by a Fund and the cash proceeds realized on the sale or refinancing of Fund assets. Certain of these distributions are referred to as the "Carried Interest." and will be paid upon the distribution of investment proceeds in accordance with the Fund's offering document. A Carried Interest is charged in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended ("Advisers Act").

Lubert-Adler's fee compensation will be deducted from the assets or distributions of the Fund as investors will not separately be billed for advisory services.

Certain investors in the Funds, who are generally related persons, certain employees, partners of Lubert-Adler or the Funds, including affiliated persons and others through their investment in a Fund or the general partner of such Fund, may not be subject to a Management Fee and/or Carried Interest in connection with their investment in the Funds.

*Other Fund Fees* - The Management Fee for a Fund is generally reduced to the extent that Lubert-Adler receives any acquisition, disposition, breakup, origination, sales,

brokerage, underwriting, investment banking or other transaction fees in connection with the investments of the Fund.

*Fund Expenses* - Each Fund typically pays all offering and organizational expenses including travel, accounting, printing, costs incurred in connection with negotiating side letters and other organizational activities incurred in the formation of the Fund and its related entities up to a certain maximum limit set forth in the Fund's offering documents.

No commissions, placement fees or other remuneration will be paid by a Fund to Lubert-Adler or to any of its employees in connection with the offering and/or sale of interests in such Fund.

Each Fund will generally pay all operating expenses related to its activities including all costs related to (i) origination and acquisition of investments, whether or not consummated, including closing costs, financing fees, legal expenses, travel, entertainment, industry conferences and events, and marketing and advertising costs; (ii) research, due diligence and underwriting including third-party consultants and subscriptions; (iii) holding and exiting investments including custody services, legal expenses, asset management software, valuation costs, travel, accounting expenses, insurance, tax advisory expenses, litigation expenses, and third-party consultants; and (iv) other operating expenses including fund-level leverage, auditing, tax advisory expenses, insurance, indemnification costs, taxes and assessments, third-party fund administration expenses (including accounting, reporting, expenses associated with investor distributions and capital calls) and expenses relating to meetings of the investors, advisory committee and executive board.

Any expenses common to the Funds and to any other funds managed by Lubert-Adler or its affiliates generally will be allocated among such entities on a basis reasonably believed by Lubert-Adler and the managers of the other funds (as applicable) to be equitable based on the relevant facts, such as the relative sizes of the participating funds and the particular circumstances that caused the expense to be incurred with respect to each participating fund.

For a more detailed description of the specific Management Fees, Carried Interest and expenses charged, please see each of the Fund's specific organizational and offering documents.

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

As described in Item 5, Lubert-Adler may be paid Carried Interest. Lubert-Adler and certain of its officers, employees and related entities receive incentive compensation, which is tied explicitly to the performance of the particular Fund, and such compensation will continue to be earned based upon the performance of a Fund's portfolio as a whole, rather than that of individual transactions. The existence of the Carried Interest may create an incentive for Lubert-Adler to cause a Fund to make riskier or more speculative investments than would be the case in the absence of the Carried Interest.

Certain Funds (e.g., parallel or co-investment funds) may not be charged a performance-based fee. The management of Funds that pay a performance-based fee alongside Funds

that pay only an asset-based fee may create additional conflicts of interest. In particular, an investment adviser may have an incentive to favor the performance-based fee account when allocating promising or profitable investment opportunities, and may avoid allocating less promising or unprofitable investment opportunities to such account. Because each Lubert-Adler Fund that does not pay a performance-based fee co-invests with a Fund that does pay such a fee, Lubert-Adler believes that no material opportunity exists for an employee to favor one Fund over another. Lubert-Adler also has compliance policies and procedures in place that prohibit employees from favoring one Fund over another and all employees are compensated based on the performance-fee aspect of the entire Fund, not the outcome of any single transaction or investment. In addition, certain co-investments by a Fund require approval by the Fund's executive board, and will be specifically described in the Fund's offering documents.

#### **Item 7. Types of Clients.**

Lubert-Adler provides discretionary investment advisory services to its Funds where each investor (generally a limited partner) is required to meet certain suitability qualifications, such as being an "accredited investor", "qualified client" and "qualified purchaser" as defined the meaning set forth under the Federal securities laws. Investors in the Funds may include, but are not limited to, governmental pension plans, corporate and business entities, endowments and foundations, trusts, and high net worth individuals. The Funds' offering documents generally require a minimum initial investment or commitment by each investor of \$5 million. However, each Fund's general partner has the discretion to waive or reduce the minimum initial investment or commitment and has done so for certain investors.

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

Lubert-Adler utilizes a combination of opportunistic acquisition philosophies and value enhancement programs designed to create high quality real estate assets at a cost basis well-below their competitive set. A key to these strategies is forging strategic alliances with local operating partners who possess superior local knowledge and execution capabilities in real estate.

For its opportunistic strategy perspective, Lubert-Adler seeks to acquire real estate assets at significant discounts via multiple access points by focusing on sellers who are no in the business of upgrading their assets or who have had problems and cannot upgrade due to over-leverage, lack of capital or lack of economic incentive to invest. To execute this opportunistic strategy, Lubert-Adler may access investment opportunities through note purchases, REO (real estate owned) inventory, recapitalizing borrowers and bankruptcy auctions.

For its value-add enhancement strategy, Lubert-Adler will target those real estate assets that require upgrades via renovations, repositionings, re-leasing and/or rebranding. Typically, these assets will be owned by overleveraged owners or lenders who have taken assets back from their previous borrowers.

It should be noted that there can be no assurance that the use of these investment strategies will achieve any particular returns or avoid a loss. A Fund's ability to achieve returns will depend on a variety of factors, many of which may be beyond its or Lubert-Adler's control. Investments in real estate funds involve a substantial degree of risk. A Fund may lose all or a substantial portion of its investments and Fund investors must be prepared to bear the risk of a complete loss of their investments.

Each Fund's offering documents will include a more detailed disclosure of the risks of investing in a Fund; any prospective Fund investor should carefully read such documents before considering an investment. In addition, material investment risks include but are not limited to the following:

*No Assurance of Investment Return* - Each Fund's task of identifying and evaluating investment opportunities, managing such investments and realizing a positive return for investors is difficult. There is no assurance that a Fund will be able to invest its capital on attractive terms or continue to generate positive returns or avoid losses for its investors over the long term.

*Real Estate Investments* - Investments in real estate entail a variety of risks, any of which could cause a loss. Significant costs may be entailed in each stage of the various methods of real estate investment used by a Fund, including the costs of purchase, development, construction, renovation, operation, financing, and sale of real estate. Various government approvals may be required but may not necessarily be granted. Real estate is subject to various market forces, such as economic and population fluctuations on both a national and local level, that are beyond the control of any investor. Real estate typically is subject to taxation, and owners may be required to pay other significant fees or assessments.

*Market Conditions May Dramatically Affect the Funds' Investments* - Volatile market conditions at various times have had a dramatic effect on private real estate investments. In addition, terrorist attacks and other acts of violence or war may affect the operations and profitability of the Fund's Investments. Such events could cause consumer confidence and spending to decrease or result in increased volatility in the U.S. and worldwide financial markets, real estate industry and economy. They also could result in a continuation of the current economic uncertainty in the U.S. or abroad. Any of these occurrences could have a significant impact on the operating results and revenues of the underlying properties, and, in turn, on the return of the Funds' investments.

*Indirect Real Estate Investments* - Funds will acquire its interest in the real estate assets indirectly by acquiring interests in joint ventures. All investments will involve risks generally involved in joint venture partnerships, including, for example, the possibility that the general partner in a joint venture might become bankrupt, that such general partner may at any time have economic or business interests or goals that are inconsistent with the business interests or goals of Fund,



and may be in a position to take action contrary to the desires of Fund or contrary to Fund's objectives.

*Due Diligence Processes* - The due diligence investigation that Lubert-Adler and its strategic partners perform with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such opportunity, including, among other things, the existence of fraud or other illegal or improper behavior. Moreover, such an investigation will not necessarily result in the investment being successful.

*Concentration of Investments* - A relatively high percentage of a Fund's total capital may be invested in a single or a few portfolio investments to which any single loss may have a significant adverse impact on such Fund's capital. In addition, no Fund is required to diversify its investments among industries or regions.

*Long-term Nature of Investments* - Investments in the Funds require a long-term commitment, with no certainty of return. The Funds may experience severe financial difficulties as a result of its portfolio investments. Some of the investments will be highly illiquid, and the Funds may be unable to realize on such investments in a timely manner. There may be little or no near-term cash flow available to the investors. Partial or complete sales, transfers or other dispositions of investments which may result in a return of capital or the realization of gains, if any, are generally not expected to occur for a number of years after an investment is made. Since the Funds may only make a limited number of investments and since many of the investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to investors.

*Tax Considerations* - An investment in a Fund may involve complex U.S. federal income tax considerations that will differ for each investor. Under certain circumstances, investors could be required to recognize taxable income in a taxable year for U.S. federal income tax purposes, even if the Fund either has no net profits in such year or has an amount of net profits in such year that is less than such amount of taxable income. Funds may not make any distributions to their investors, and an investor's tax liability attributable to an investment in a Fund may in a given tax year exceed the cash distributed. Funds may invest in entities which would cause them to have to report taxable income for U.S. Federal income tax purposes prior to the time the Fund receives distributions from such investments.

*Inflation Risk* - When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power erodes at the rate of inflation.

*Interest-rate Risk* - Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds or loans become less attractive, causing their market values to decline.

*Reinvestment Risk* - This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (*i.e.* interest rate). This risk relates primarily to fixed income investments.

*Distressed Debt* - A Fund may invest in distressed real estate loans or claims. Distressed debt investments present more credit risk than investment-grade issues. Distressed debt investments involve a risk of loss in case of default or insolvency of the issuer, particularly if the obligation is unsecured.

*Lending* - Each Fund may engage in lending directly to borrowers, which may include in certain circumstances, other Funds or their affiliates. In addition to the risks that apply to debt investments generally, direct lending may entail a heightened risk of default by the borrower. Loans may be subordinate to already-outstanding loans by the same borrower, and may be unsecured or insufficiently secured. Privately negotiated loans may be illiquid and subject to a heightened risk of litigation.

*Business Risk* - These risks are associated with a particular industry or a particular company within an industry. The Funds focus their investments in the real estate industry.

*Liquidity Risk* - The Funds invest in illiquid investments. Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. Real estate is not liquid. If a Fund was required to divest itself of an illiquid investment, the Fund might not be able to do so quickly or at an advantageous price.

*Financing Risk* - The Funds may borrow. Excessive borrowing may increase risk, as a Fund would be required to meet its periodic payments and would generally retain a principal repayment obligation even if the financed investment lost value. Consequently, financing may have leveraging effects that could exacerbate losses.

*Hedging* - In connection with the financing of certain assets, a Fund may employ hedging techniques designed to protect against adverse movements in currency and/or interest rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while a Fund may benefit from the use of hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates may result in poorer overall performance for a Fund than if it had not entered into such hedging transactions.

*Unable to Identify Attractive Investments* - No assurance can be given that the Funds will be able to originate investments that satisfy its rate of return objectives

or that such investments will perform as expected. The Funds will face competition for investments from both private and public investors, some of which have greater financial and other resources than the Fund and more extensive experience than the Fund. Interim investments may offer returns lower than those targeted for long-term investment by the Funds. The Funds intend to make draws on commitments as funds are needed during the commitment period; however, investments consistent with the Funds' strategy may not be available at certain instances.

*Foreign Investment* - A Fund may invest outside the United States. Any such investment entails additional risks, such as the risk of adverse changes in applicable foreign laws, regulation, currency exchange rates and risks of expropriation, nationalization, repatriation and the imposition of restrictions on foreign investment.

*Environmental Risks* - The real properties underlying investments will be subject to federal and state environmental laws, regulations and administrative rulings, which, among other things, establish standards for the treatment, storage and disposal of solid and hazardous waste. Real property owners are subject to federal and state environmental laws that may impose joint liabilities on past and present owners and users of real property for hazardous substance remediation and removal costs. Therefore, the Fund may incur loss from environmental claims arising in respect of real properties underlying its Investments with undisclosed or unknown environmental problems or as to which inadequate reserves have been established.

*Interest Subject to Restrictions on Fund Transfers and Withdrawals* - Interests are not transferable except with the consent of the general partner. Investors may not withdraw capital from the Funds. There will be no public market for the partnership interests. Each investor will be required to represent that it is acquiring its interest for investment purposes and not with a view to resale or distribution. Each investor must be prepared to bear the economic risk of an investment for an indefinite period, since interests cannot be resold unless they are subsequently registered under the Securities Act, or an exemption from such registration is available, and provisions of the Funds' organizational and private offering documents relating to restrictions on transfer of interests are complied with.

*Defaulting Limited Partner* - In the event that an investor fails to fund any of its commitment when required, among other remedies available to the Fund, the Fund may accelerate such investor's unfunded commitment, such investor's interest in the Fund may be forfeited or subject to dilution, the Fund may withhold distributions from such investor and such investor may be prohibited from participating in future investments.

*Investors Will Have Limited Recourse Against Lubert-Adler* - The Fund's organizational and private offering documents generally limits the circumstances under which the general partner or its affiliates will be held liable to the Fund. As

a result, investors may have a more limited right of action in certain cases than they would have in the absence of such limitations. In addition, the organizational documents provide that the Fund will indemnify the general partner and its affiliates, partners and employees for certain claims, losses, damages, and expenses arising out of their activities on behalf of the Fund. Such indemnification obligations could materially adversely affect the returns to investors.

*Information About Investments* – Lubert-Adler intends to keep investors apprised of the status of the Fund's investments and their operating partners on a periodic basis. In reviewing these reports, investors should be aware that Lubert-Adler and the Fund may be subject to confidentiality agreements that limit the amount of information that Lubert-Adler may disclose about Fund investments.

*Regulatory Risks* - Each Fund relies on various exemptions from federal and state statutes and rules, such as ERISA, the Investment Company Act of 1940 (“1940 Act”) and the Securities Act of 1933 (the “Securities Act”), to operate without having to register under such statutes and rules. Loss of any such exemption, or a change in these statutes and rules or certain others, such as the Advisers Act, anti-money laundering rules, and the U.S. Internal Revenue Code, could impact a Fund’s ability to continue to operate as it currently does. A Fund’s exemption from certain investor protection laws means that a Fund’s investors do not have the benefit of protections afforded by such laws, including ERISA, the 1940 Act and the Securities Act.

*Conflicts of Interest* - Fund investments are subject to various conflicts of interest, including those between co-investors in specific projects, between various investors in a Fund, and between Lubert-Adler and a Fund. Prospective investors are advised to review the applicable Fund offering documents that discuss the conflicts of interests when investing in a Fund. Additional conflicts of interest information is addressed in Item 10.

## **Item 9. Disciplinary Information**

Neither Lubert-Adler nor any of its employees has been involved in the past ten years in any legal or disciplinary event that Lubert-Adler believes is material to an investor or prospective investor in their evaluation of Lubert-Adler’s advisory business or Fund management.

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

Lubert-Adler has financial relationships and arrangements that are material to its advisory business with the following related entities:

Lubert-Adler will utilize Independence Capital Partners, LLC (“ICP”), an affiliated entity, to provide certain non-investment services such as compliance, investor relations, accounting and tax support, information technology and insurance. ICP also provides similar services to other affiliated investment advisory firms which include: LLR

Management, L.P.; Patriot Financial Manager, L.P.; Quaker Partners Management, L.P.(an exempt filer); LBC Credit Management, L.P.; and LEM Capital, L.P. (collectively, the “ICP Affiliate Firms”). Each ICP Affiliate Firm is separately managed by its partners and investment professionals and offers advisory services to private investment funds focused on varying assets classes.

Mr. Lubert, a co-founder of Lubert-Adler has ownership interests in ICP and the above ICP Affiliate Firms. Each such adviser manages real estate, private equity or venture capital funds, some of which may have investment mandates that are similar to, but not directly overlapping with, the investment mandates of the Lubert-Adler Funds. In the past, the partners of these funds and Lubert-Adler have shared information and collaborated regarding investment opportunities and, on rare occasion, co-invested in particular investments. Lubert-Adler expects to continue to collaborate with these firms so long as Lubert-Adler believes the collaboration is benefiting its investment process and Funds.

The pooled investment vehicles managed LEM Capital, L.P., may engage in various real estate or real-estate related investment activities, including acquisition, financing, development, operation, leasing and management. Conflicts of interest may arise as a result of such real estate ownership and activities, particularly ownership of real estate properties in the same markets targeted by a Lubert-Adler Fund.

A Fund may also engage affiliates of Lubert-Adler to perform real estate-related services, including development, management and/or leasing services in connection with the ownership and operation of the assets, so long as those services are required by the Fund’s business. Any fees payable pursuant to any such agreement will not reduce the Management Fee payable by a Fund. This conflict of interest is addressed by requiring that a Fund’s executive board (which consists of certain large, non-affiliated Fund investors), approve the terms of any such agreement.

Lubert-Adler investment professionals will continue to devote time to the management of the other existing Funds, which may create conflicts in the allocation of management resources. In general, Mr. Adler, co-founder of Lubert-Adler will spend substantially all of his business time on the management and operation of the Lubert-Adler Funds; if Mr. Adler does not continue to do so, a Fund may, subject to other conditions, appoint a substitute for Mr. Adler or the Fund may be dissolved. Mr. Lubert, in addition to his ownership in and responsibilities to the ICP Affiliate Firms, is a principal of several pooled investment funds and operating businesses, and may become involved as a principal in future pooled investment funds. Such activities may limit the amount of time Mr. Lubert will be able to devote to any particular Fund.

Investment opportunities may arise that are appropriate for more than one Fund and/or one or more other ICP Affiliated Firms’ funds. In these situations, the investment team which first sourced or originated the opportunity may invest in the opportunity without offering it to other ICP Affiliate Firms’ funds. Opportunities first sourced or originated by Mr. Lubert or Mr. Adler will be offered to the Lubert-Adler Funds, and such opportunities will be allocated among the Funds based on the stage of investment and appropriateness of an investment by each applicable Fund, as described more fully in

their various Funds' offering documents. If the Funds do not invest in such an opportunity or if additional funding is required for such an opportunity, the opportunity or a portion thereof may be offered to other ICP Affiliate Firms, their funds, or third parties.

In addition, when Lubert-Adler determines in its reasonable discretion that it would be advantageous to co-invest in an opportunity with one or more other ICP Affiliate Firms' funds, then, without the consent of the executive board, the Fund may co-invest with another ICP Affiliate Firms' fund in such opportunity only on a *pari passu* basis (that is, in the same security with equal rights of payment or level of seniority). If the Fund intends to co-invest other than on a *pari passu* basis, the Fund's executive board must approve decisions related to the allocation of purchase price among the co-investing ICP Affiliate Firms' funds and other applicable conflicts. Such co-investment opportunities may also be subject to the approval of committees of the co-investing funds in accordance with their respective governing documents. The relative amounts of Fund assets co-invested will be determined in the reasonable discretion of Lubert-Adler in view of the amount made available for co-investment by the investment team which first sourced or originated the deal and the relative available capital, investment objectives, financing capacity and diversification limits of each fund participating in the co-investment (among other factors).

The Funds and any co-investing entities may enter into cross guarantees, wherein each such entity is jointly and severally liable. This may create conflict situations in which the interests of co-investing entities diverge as circumstances change. In addition, third parties or Lubert-Adler or its subsidiaries may co-invest alongside the Funds, for example in the case of an investment too large for the Funds to complete on their own. In all such situations, Lubert-Adler seeks to act in the best financial interest of the Funds.

As a result, the amount a Fund invests in a particular investment opportunity may be less than it otherwise would be willing and able to invest, and in certain cases, a Fund may be required to forego investment opportunities.

A Fund may purchase a portion of investments held by other Funds. Upon the granting of the required authorization as required by the Fund's governing documents, such a Fund may co-invest and pay its proportionate share of the cost of such assets plus an interest payment on the invested amount at an annual rate equal to any accrued preferred return on such assets, generally calculated from the original date of purchase of the asset to the date the co-investment is completed.

Investment opportunities also may arise that are appropriate for co-investment by two Lubert-Adler Funds at similar stages. The governing documents of the Fund with the earlier closing date generally will dictate the extent to which a subsequently organized Fund may be offered a co-investment opportunity.

Additionally, Lubert-Adler may also enter from time to time into investments with other nonaffiliated sponsors and syndicators of pooled investment vehicles.

Lubert- Adler and/or the Funds may from time to time enter into other written agreements or side letters with one or more investors whereby, in consideration for agreeing to invest certain amounts in a Fund and other consideration deemed material to a Fund, such investors may be granted rights not otherwise afforded to other investors. These side letters may entitle an investor to make an investment in a Fund on terms other than those described in the Funds' organizational and offering documents. Any such terms, including with respect to (i) reporting obligations; (ii) transfer rights to affiliates; (iii) withdrawal rights due to adverse tax or regulatory events; (iv) consent rights to certain partnership agreement amendments; or (v) any other matters described in Fund organizational and offering documents may be more favorable than those offered to any other investor. Such agreements will have the effect of establishing rights under, or altering or supplementing the terms of, the partnership agreement with respect to such investor.

Lubert-Adler and its Funds will be represented by one counsel in connection with the offering of Fund interests pursuant to each Fund's organizational and offering documents: Klehr Harrison Harvey Branzburg LLP ("Klehr Harrison"), some of the partners of whom may be investors in a Lubert-Adler Fund and other ICP Affiliate Firm funds. Klehr Harrison is not representing the investor or limited partners, and prospective investors should seek individual counsel if they so desire. Mr. Leonard Klehr, the Vice Chairman of Lubert-Adler is of counsel at Klehr Harrison. Although Mr. Klehr receives an annual stipend from Klehr Harrison for the use of his name and title as of counsel at Klehr Harrison, he receives no compensation from Klehr Harrison for his activities that are directly related to the Lubert-Adler Funds.

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

Lubert-Adler has adopted a written Code of Ethics (the "Code") that is applicable to all of its partners, officers and employees ("Access Persons") and is designed to comply with Rule 204A-1 of the Advisers Act. Lubert-Adler's Code is based upon the premise that Lubert-Adler and its Access Persons have a fiduciary responsibility to render professional, continuous and unbiased investment advisory service and put the interests of its Funds first. The Code requires all Access Persons to (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and put Fund interests ahead of those of Lubert-Adler; (3) observe Lubert-Adler's personal trading policies so as to avoid "front-running" and other conflicts of interests between Lubert-Adler and its Funds; (4) report any perceived violations of the Code; and (5) ensure that they have read the Code, agreed to adhere to the Code, and are aware that a record of all violations of the Code will be maintained.

The Code governs the securities trading and investing activities of each Access Person for their own personal accounts. All Access Persons must first pre-clear personal trades for covered securities, as defined under the policy, in personal accounts where they have beneficial ownership. In addition, they must also seek preapproval when participating in a private placement offering or transacting in initial public offerings (IPOs). A pre-clearance request will be denied if such securities or an issuer are under consideration for

investment, or have been acquired by a Lubert-Alder Fund or Lubert-Adler is in receipt of material non-public information of the company or if another conflict may exist.

Under the Code, Access Persons are also required to file certain periodic reports and certifications with Lubert-Adler's Chief Compliance Officer. A copy of the Code is distributed to each Access Person at the time of hire and annually thereafter. Access Persons are also required to attend annual Code of Ethics training and certify that they are in compliance with the Code. Access Persons who violate the Code can be subject to sanctions by Lubert-Adler's Compliance Committee, including possible employment termination. A copy of the Code is available upon request from Lubert-Alder's Chief Compliance Officer, Michelle Vaughn at [mvaughn@lubertadler.com](mailto:mvaughn@lubertadler.com).

Co-founders, managing ;principals, certain employees, related persons and other accredited investors may invest in the Funds, either through a general partner affiliate or as direct investors in the Funds. Lubert-Adler or an affiliated general partner, as applicable, may reduce all or a portion of the Management fee and/or Carried Interest related to investment held by such persons.

For more information regarding Lubert-Adler's practice with respect to purchases in which Lubert-Adler or a related person has a material financial interest or simultaneous purchases by the Funds or related persons, please reference Item 10.

## **Item 12. Brokerage Practices**

Lubert-Adler is granted discretion over the selection and amount of securities and other investments to be bought or sold without obtaining prior consent or approval from the Funds' investors. Lubert-Adler's investment authority with respect to any particular Fund is subject to the investment objectives, guidelines and/or conditions set forth in the Fund's offering documents. In addition, it should be noted that the Funds invest in privately negotiated real estate transactions where the brokerage terms of such transactions are largely influenced by the operating partner and the capabilities of the third party real estate brokers to successfully execute such transactions. Lubert-Adler seeks to have transactions executed in the best interest of the participating Fund, taking into account various factors such as the size, structure, competence, and capabilities of the brokers.

Lubert-Adler does not participate in or accept soft dollar benefits. In addition, Lubert-Adler does not participate in any commission sharing arrangements nor does it direct brokerage in exchange for referrals.

For more information regarding Lubert-Adler's practice to aggregate Fund co-investments, please reference Item 10.

## **Item 13. Review of Accounts**

*Oversight and Monitoring* - Lubert-Adler's investment team, which is made up of more than 20 individuals, is responsible for reviewing and monitoring each of the Fund's investments on a continuous basis. This investment team includes Lubert-Adler's co-founders, managing principals, and specialists in investment analysis, research, asset



management, capital markets and disposition. This team is responsible for identifying, evaluating, structuring and negotiating investments, overseeing the ongoing asset management of the operating partners and property and for oversight of financings, recapitalizations, securities and dispositions.

*Reports to Investors* - Fund investors generally receive the following reports: (i) annual audited financial statements of the Fund, (ii) annual estimates of the valuations of the assets in the Fund, (iii) quarterly reports containing an operation summary of the Fund's portfolio properties, and (iv) such other information as is necessary for the preparation of tax returns.

In addition, each of the Funds' advisory committees generally receives reports about the Fund on a semi-annual basis while the Funds' executive committees will receive materials on certain issues, such as conflicts of interest and valuations. On annual basis, each Fund typically holds an annual meeting of investors to review the status of the Fund.

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

No person who is not an investor of a Lubert-Adler Fund provides an economic benefit to Lubert-Adler for providing investment advice or other advisory services. Additionally, Lubert-Adler does not provide compensation to any person with respect to investor referrals.

#### **Item 15. Custody**

Each Lubert-Adler Fund is subject to audit by a registered independent accountant at least annually, distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all investors within 120 days of the end of its fiscal year, and upon liquidation will distribute its audited financial statements prepared in accordance with generally accepted accounting principles to all investors promptly after the completion of such audit. Such audits will include any funds and securities that, as required by applicable law, are placed in custody with a qualified custodian.

#### **Item 16. Investment Discretion**

Under each Fund's organizational and offering documents, Lubert-Adler has investment discretion to manage the Funds' assets.

#### **Item 17. Voting Client Securities**

The Funds generally do not hold publicly-traded securities with voting rights. Should the Funds hold publicly-traded securities, Lubert-Adler would have the sole authority to direct the voting of such securities. Any voting rights held by the Funds generally entail large or controlling interests of privately held issuers. Unlike the limited voting rights attributable to publicly-traded securities, the Funds generally have broad voting authority on a wide range of matters affecting privately held issuers. Lubert-Adler votes such interests, on behalf of the Funds, in the economic interests of the applicable Fund. Lubert-Adler considers relevant facts, which may include, among many others, the

impact on the value of the securities, the anticipated economic and non-economic costs and benefits associated with a proposal, the effect on liquidity, and customary industry and business practices. A Fund may decline to vote proxies when Lubert-Adler determines that the cost of voting the proxy exceeds the expected benefit to the Fund. If the Funds at some point decide to hold publicly-traded securities, investors will be provided a copy of Lubert-Adler's proxy voting policies and procedures upon request.

#### **Item 18. Financial Information**

Lubert-Adler does not require or solicit prepayment of fees six months or more in advance and is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Funds...