

Part 2A of Form ADV Firm Brochure

Item 1 –Cover Page

Sarofim Realty Advisors Co.

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Date Amended: March 28, 2014

This brochure provides information about the qualifications and business practices of Sarofim Realty Advisors Co. If you have any questions about the contents of this brochure, please contact us at 214-692-4200 or info@sraco.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about Sarofim Realty Advisors Co. is also available on the SEC's website at www.adviserinfo.sec.gov.

Sarofim Realty Advisors Co. is registered with the SEC according to the Investment Advisers Act of 1940. Such registration does not imply a certain level of skill or training.

Item 2 –Material Changes

Filing Date: March 31, 2011

Date Amended: March 28, 2014

This brochure for Sarofim Realty Advisors Co., which is Part 2A of our Form ADV, was developed for the March 31, 2011 filing in response to new requirements of the Securities and Exchange Commission. Except for the client referral agreement disclosed in Item 14, the contents of this brochure reflect no material changes in the firm's policies, practices, or services since our last filing.

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Item 4 –Advisory Business

Our History and Organization

Sarofim Realty Advisors Co. was established in 1982 as a wholly owned, corporate subsidiary of Fayeze Sarofim & Co. Fayeze Sarofim & Co., a Houston-based registered investment adviser, was founded in 1958 by Fayeze Sarofim, who continues to lead both firms as Chairman. Mr. Sarofim also serves as Chief Executive Officer and Chief Investment Officer of Fayeze Sarofim & Co.

Sarofim Realty Advisors Co. is focused on the business of real estate investment counseling and is registered under the Investment Advisers Act of 1940 and regulated by the Securities and Exchange Commission. The firm's registration as an investment adviser does not imply a certain level of skill or training. Sarofim Realty Advisors Co. is located in one office in Dallas, Texas, and has approximately 32 full-time employees.

The ultimate corporate parent of Sarofim Realty Advisors Co. is The Sarofim Group, Inc., which is also controlled by Fayeze Sarofim. The Sarofim Group, Inc. is the corporate parent of a group of affiliated corporations that includes Sarofim Realty Advisors Co., Fayeze Sarofim & Co., and three other registered investment advisers as well as other business entities.

In our 32 year history, Sarofim Realty Advisors Co. has served a broad range of clients through numerous business cycles. As of December 31, 2013, the firm's assets under management totaled \$3,282 million. Fayeze Sarofim & Co. and its affiliates including Sarofim Realty Advisors Co. had assets under management of \$31,379 million as of December 31, 2013.

Sarofim Realty Advisors Co. is not affiliated with a brokerage firm.

Our Advisory Services

Sarofim Realty Advisors Co. provides real estate investment advisory services to a select number of long-term clients, enabling our principals to be highly involved with each account. Our investment services are distinguished by three primary characteristics:

- A client-centered, fiduciary culture
- An applied research-driven investment process
- Exceptional real estate expertise

The firm's Investment Committee is responsible for implementing each client's investment strategy and approving all investment decisions. The Committee, which is comprised of five senior investment professionals, is chaired by our President and Chief Executive Officer, C. Al Galpern.

Investment Types

The firm manages office, retail, multifamily, age-restricted independent living senior housing, and land investments located nationwide. We seek acquisition and development opportunities in most property types. Our investments vary in risk profile from stabilized core properties with relatively low risk to value-add or opportunistic assets that are identified as market dislocations and designed to deliver a higher return. The investment type and risk profile of the properties we acquire are based on the individual client's portfolio management strategy, investment objectives, cash flow and income requirements, and existing investments.

We offer investment advice on various types of investment structures, including but not limited to: partnership interests, limited liability company interests, private real estate investment trusts, title holding corporations, and direct equity investments.

Sarofim Realty Advisors Co. has entered into investment advisory agreements with Sarofim Trust Co., an affiliated registered investment advisor, regarding three real estate trusts for which Sarofim Trust Co. serves as trustee. According to the agreements, Sarofim Realty Advisors Co. provides continuous investment management and recommendations regarding the investment of the funds in the trusts. In exchange, Sarofim Realty Advisors Co. receives a payment from Sarofim Trust Co. for a portion of the fees that Sarofim Trust Co. is entitled to receive for its services as trustee. Under these agreements, Sarofim Realty Advisors Co. makes recommendations but is not authorized to implement them without the approval of Sarofim Trust Co.

Discretionary and Non-Discretionary Accounts

Sarofim Realty Advisors Co. will manage clients' assets on either a fully discretionary basis or a non-discretionary basis.

As of December 31, 2013, the firm managed \$1,975 million in assets on a discretionary basis and \$1,307 million on a non-discretionary basis.

See Item 16 – Investment Discretion on page 24 for more information.

Other Services

Sarofim Realty Advisors Co. may from time to time render investment advice through consultations and may, in this regard, analyze special real estate situations involving acquisitions, dispositions, or other transactions. Fees for such services may be computed on an hourly basis or may be fixed at a specified amount per month, quarter, or project. Such fees will be negotiable and will consider factors such as the time spent by Sarofim Realty Advisors Co. and the size of the transaction.

Item 5 –Fees and Compensation

Advisory Service Fees

Sarofim Realty Advisors Co. fees generally consist of initial and quarterly investment management fees calculated as a fixed percentage of funds under management. The advisory fees are negotiated on a client-by-client basis and may include non-recurring transaction and incentive fees as well as recurring account advisory fees. The recurring account advisory fees may be based on underlying property value, in which case, value is generally determined by the lower of internal or external appraised value.

Our Billing Practices

The firm's fees are billed according to the advisory agreement with the client. In most instances, fees are billed quarterly in arrears; however, the timing and frequency of billing may vary by client.

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

The fee structure of Sarofim Realty Advisors may include non-recurring incentive fees on some portfolios, which are designed to align our financial reward with that of our clients. Incentive fees are generally payable only upon asset disposition and only upon meeting a defined target rate of return to the investor. The incentive fees are calculated as a sharing of excess profits over the target rate of return between the client and Sarofim Realty Advisors Co.

Generally speaking, side-by-side management is a reference to the simultaneous management of mutual funds and hedge funds. Neither Sarofim Realty Advisors nor its parent, Fayez Sarofim & Co., manage hedge funds nor collect side-by-side management fees.

Item 7 –Types of Clients

Sarofim Realty Advisors Co. serves as an investment adviser for a broad range of clients, including:

- Private employer pension and profit-sharing plans
- State and local government retirement systems
- Endowment and foundation funds

We continue to seek new clients with these types of accounts. The minimum dollar amount for new managed accounts is \$5 million. The firm may waive this size requirement if related accounts are currently under management.

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

Applied Research

Sarofim Realty Advisors Co.'s research group has developed proprietary databases that integrate large volumes of data. This data encompasses a wide array of economic, demographic, and real estate information including population and employment trends, absorption, supply, development pipeline, vacancy, competitive rental rates, and sales values for all major U.S. markets and for each competitive project in the submarket being considered for investment. The databases house an enormous amount of real-time data, but it is the ability to analyze and apply this information that differentiates our research team. The research group has a sophisticated understanding of the drivers of space absorption for office or industrial properties as well as of consumer spending patterns and their effects on retailing, and the specific needs of a target apartment resident. This knowledge enables our company to quantify real demand and match user requirements with the correct real estate product.

The highly efficient integration of data is an essential component of our process of adding value and mitigating risk, and it is specifically accomplished by:

- Targeting the investment process to specific markets and submarkets
- Understanding the target renter and matching product design to the renter profile
- Understanding each investment opportunity in terms of various competitive aspects including construction, composition, rents, and amenities of competitive properties

Investment Strategy

Sarofim Realty Advisors Co. customizes strategies to meet the needs of each client. Strategies are based upon identifying opportunities that result from dislocations in the underlying property values or the capital markets. Understanding the market forces that drive demand for each product, the needs of the ultimate user of the real estate, the timing of new supply, and the vagaries of the capital markets are critical to identifying these dislocations and understanding the resulting opportunities. As the outlook for return and risk changes throughout a cycle, the general market typically overreacts or reacts too slowly to these changes. Different property types have different supply/demand cycles; they do not perform in unison. A product type may be in balance in one part of the country but significantly out of balance in another region. In addition, capital has its own cycles and its own sets of preferences for different products. When capital overreacts to real or perceived changes in the risk/return profile of a given product type or region, the result is distorted pricing that is not reflective of true long-term values and risks.

We also look for dislocations from changes over time in the demand for a given product. These dislocations could result from changes in the needs or priorities of the end user of the product, which are reflected in the emerging demand for products such as privatized student housing, value office, or urban multifamily. As new products are developed to satisfy this demand, end users may move from existing products, perhaps signaling a need to sell assets that may be functionally downshifted. Understanding the ultimate end user of the real estate is a critical part

of assessing the validity of an investment strategy. Exploiting these opportunities and executing these strategies is how Sarofim Realty Advisors Co. consistently creates value for our clients.

Risk Management

Risk is inherent in the investment process and cannot be avoided. Sarofim Realty Advisors Co. will identify the risks in a given investment, understand the implications of those risks, weigh the implications of those risks against potential returns, and whenever possible, structure around those risks that cannot be avoided.

Market/Submarket Selection Risk

We identify the market forces or drivers that give rise to the investment opportunity. Our research process then screens potential markets based upon these target characteristics:

- High economic resiliency
- High projected job growth
- High projected population growth
- Low current vacancies
- Limited new supply due to barriers to entry

Various groups in the firm parse the screening results to develop the final target market list.

Rental Market Risk

We analyze rental market risk at the macro and micro level. Understanding the dynamics and potential pitfalls of the competitive real estate market for each specific investment is critical to assessing and mitigating risk.

- Demand – Our research group prepares an in-depth study of the demand drivers for each real estate sector, evaluating factors such as office job growth, consumer expenditures, and household formations.
- Competitive Supply – We identify and thoroughly assess the competitive properties. In addition, the research group develops a delivery schedule of properties under construction or in the pipeline. The team looks at permits and talks with local experts to understand the potential risk of competitive projects.
- Rental Rates – Sarofim Realty Advisors Co. is extremely conservative in the underwriting process in terms of assumptions for rental rates and escalations. Projected rental rates are compared to competitive properties. The research group reviews this information to ensure that projected rents are appropriate given the offerings from competitive properties.

Development Risk

Developing investment property enables the investor to take advantage of the arbitrage between the cost to build and the cost to buy in today's market. There are several risks that are intrinsic to the development process.

- **Design Risk** – Sarofim Realty Advisors Co. is very active in the design of development properties, and we work with the developer on all design issues. The research group contributes to this process and develops a demographic profile of the target tenant and an assessment of how the needs and wants of the target tenant are being met by the competition to determine which elements to emphasize in the design process.
- **Entitlement Risk** – Sarofim Realty Advisors Co. will not take this risk. All entitlements and permits must be in place before Sarofim invests.
- **Construction Risk** - While Sarofim Realty Advisors Co. is very involved in the design and budgeting process, the firm will not take construction risk. The development partner is responsible for cost overruns and must provide a completion and cost guarantee to the lender. A diversified portfolio of best-in-class local developers enables the firm to select the best projects in each market and avoid being tied to a single developer's interests.

Capital Markets Risks

The risks created by the vagaries of the capital markets seem increasingly difficult to forecast. Sarofim Realty Advisors Co. believes that the best course to mitigate these risks is to be very conservative in terms of expectations for interest rates and to fix debt costs whenever possible and economically attractive.

The firm uses very conservative assumptions for capitalization rates in the underwriting process. Sarofim Realty Advisors Co. also believes that well-conceived, well-executed, infill product will typically command a pricing premium upon sale. While the distinction of quality may be lost in heady times, sobriety in markets like today's drives investors back to quality.

Portfolio Allocation Risks

There is a risk that certain property types, geographic locations, or types of tenants may be over-weighted or under-weighted within the client's real estate investment portfolio. There is also the broader allocation risk of over-weighting or under-weighting real estate relative to the entire investment portfolio.

The firm manages this risk by an initial and ongoing portfolio review and analysis with each client. Sarofim Realty Advisors Co. considers each client's risk tolerance and manages the Sarofim Realty Advisors Co. investment portfolio in light of the client's overall portfolio plan.

Some of the key areas of portfolio risk review include, but are not necessarily limited to the following:

- Product-type risk and diversification
- Return characteristics of sub-asset classes
- Tenant concentration
- Tenant rollover exposure
- Economic driver concentration
- Geographic concentration
- Debt maturity risk
- Interest rate risk – fixed versus floating

Once these parameters are established, we will quantify and monitor these measures on a quarterly basis, including summaries in our quarterly reports. The Investment Committee will review each asset in the portfolio against the established guidelines and overall portfolio risk parameters.

At our clients' request, Sarofim Realty Advisors Co. will provide information to and meet with third-party client consultants or trustees who perform consolidated reporting and review over multiple advisory firms. This provides an added layer of portfolio risk management.

Item 9 –Disciplinary Information

Neither Sarofim Realty Advisors Co. nor any of our management personnel is involved in any legal or disciplinary events that are material to a client's or a prospective client's evaluation of our advisory business or the integrity of our management.

Item 10 –Other Financial Industry Activities and Affiliations

One of the purposes of this item is to identify relationships or arrangements that may present material conflicts of interest and the procedures that the firm has in place to resolve such conflicts. Neither the firm nor any of its “management persons” has any relationship or arrangement with any “related person” that is material to the firm’s advisory business or to the firm’s clients and that may result in a material conflict of interest.

For purposes of this response, the firm's investment and administrative professionals are considered “management persons” since they are considered to have a controlling influence over the firm’s management or policies or the general investment advice given to the firm’s clients. A “related person” for purposes of this response includes all employees of the firm and its affiliates other than those performing only clerical, administrative support or similar functions.

The firm seeks to avoid all conflicts of interest and has adopted policies and procedures to be followed in determining and eliminating conflicts of interest. For example, please see the discussion in the response to Item 11 Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading on page 15.

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

As required by SEC rules and in line with what we believe are good business practices, Sarofim Realty Advisors Co. has adopted Codes of Ethics for employees and some third-party providers and a Code of Business Conduct for our employees. These codes are designed to reinforce a culture of compliance within the firm and to ensure that we fulfill our fiduciary duty to our clients and prospective clients. To help our employees understand, appreciate, and uphold their fiduciary responsibilities, their code of ethics sets standards of expected conduct and outlines prohibited conduct. The code requires that each employee must:

- Place the interest of clients first above all other interests
- Conduct all personal investments in a manner consistent with this code, avoid any actual or potential conflicts of interest, and not abuse his or her position of trust and responsibility
- Recognize that he or she should not take inappropriate advantage of his or her position as an employee
- Treat as confidential the identity of clients and their financial circumstances and security holdings
- Understand that independence and impartiality in the investment decision-making process are critical

Employees are required to read the code, acknowledge in writing that they have received and understood it, and retain a copy. Annual compliance training sessions, which are mandatory for all employees, review key precepts of the Code of Ethics and the Code of Business Conduct. As part of our annual compliance training sessions, we also review new compliance laws and advise our employees how to comply with new laws or regulations. To help us enforce the code, we regulate and monitor employee personal investment activity and require certain disclosures from employees.

Within ten days of starting employment with the firm, an individual must submit an initial holdings report to the firm's Chief Compliance Officer, detailing security holdings and the accounts in which they are held. An updated holdings report must be submitted semiannually by all employees. Employees must also have duplicate trade confirmations and monthly or quarterly statements sent to the firm by their broker. In addition, certain key employees are required to complete quarterly transactions reports. The firm's Chief Compliance Officer or her designee reviews these reports periodically for accuracy and unusual trading activity.

No employee may engage in any personal securities transactions without obtaining prior written approval from the Chief Compliance Officer. The firm maintains a "restricted list" which includes securities that are being traded in client accounts and securities that are being considered for purchase in client accounts. Employee trades in securities on the restricted list will not be approved. Furthermore, employees are prohibited from engaging in securities transactions or recommending transactions for client accounts that place, or appear to place, their own interests above the interests of our clients or the firm.

Employees recommending a security transaction for a client account must first disclose their interest or potential interest in the security and indicate if they:

- Have a direct or indirect beneficial ownership in the security or other securities of the issuer or its affiliates
- Are contemplating a transaction in the security
- Have any present or proposed business relationship with the issuer of the security or its affiliates

Sarofim Realty Advisors Co. and our registered investment adviser affiliates have adopted and follow Compliance Policies and Procedures which includes policies and procedures that prohibit trading while having material information that is not available to the public and during “blackout periods.” An individual employed by or associated with Sarofim Realty Advisors Co. may be an officer or director of a publicly traded company or a party to contractual arrangements with a publicly traded company. If so, such an individual may be prohibited by the policies of the public company from trading in the securities of that company during blackout periods imposed or recommended by the company. It is also the policy of Sarofim Realty Advisors Co. and our registered advisor affiliates that these individuals may not trade in securities of the public company during a blackout period. These policies also require that all directors, officers and other employees of Sarofim Realty Advisors Co. and our affiliates are subject to the same restrictions.

Although trading in securities of the designated public company during a blackout period is prohibited in the personal accounts of employees and in the firm’s account, Sarofim Realty Advisors Co. and our affiliates may trade in securities of the public company on behalf of our discretionary investment advisory clients provided:

- The individual who is the officer, director, or affiliate of the public company does not exercise any investment discretion over the trading of these securities for client accounts during the blackout period
- This individual has not, does not and will not disclose material information that is not available to the public.

In addition, our Compliance Policies and Procedures require us to make certain disclosures if any of our employees have these types of relationships with a public company.

Other topics discussed in the Code of Ethics and the Code of Business Conduct include:

- Prohibition against insider trading
- Restricting access to material non-public information
- Approval for outside business affiliations
- Contributions to charities and government entities
- Contributions to candidates for political office
- Communications with clients
- Expense reports
- Entertainment, gifts and gratuities

Clients or prospective clients may receive a copy of the firm's Code of Ethics or the Code of Business Conduct by sending a written request to:

Mrs. Raye G. White
Secretary and Treasurer
Sarofim Realty Advisors Co.
Two Houston Center
Suite 2907
Houston, Texas 77010
rgwhite@sarofim.com

Item 12 –Brokerage Practices

Sarofim Realty Advisors Co. uses real estate brokers in the financing, purchase, and sale of investment properties. Our policy is to select the broker in each location who is able to provide the best value and service for our clients.

Sarofim Realty Advisors Co. is not affiliated with a real estate broker.

Item 13 –Review of Accounts

Sarofim Realty Advisors Co. accounts are reviewed frequently and systematically by a team of investment professionals assigned to the account. The team includes senior officers, asset managers, portfolio managers, real estate analysts, research professionals, and financial reporting professionals. All persons involved in the account review process have a sound educational background, appropriate professional certifications, and a high degree of professional competence. Many of these individuals have both undergraduate and advanced degrees.

Account reviews include, but are not limited to the following:

Regular and on-going review and discussions occur between Sarofim Realty Advisors Co. asset managers and third-party property managers, operating partners, and brokers.

Property site visits are conducted at least quarterly and occur more frequently to oversee the status of improvement projects or for follow-up of any concerns with the asset, property manager, leasing manager, or broker.

Quarterly reports are prepared for each asset including:

- Investment account position summary, which includes contributions, distributions, investment income, fees, investment return, and appreciation on a quarter-to-date and year-to-date basis
- Leasing status including rent roll, expiration schedule, and property occupancy
- Market and competing property review
- Property summary with discussion of quality of property and leasing managers and brokers
- Quarterly internal valuation and annual third-party valuation, if required by client
- Operating reports and performance summary, gross and net of fees

The status of every property is communicated to the client through quarterly reports. This information is discussed on a more frequent and informal basis with the client as necessary.

Annual business plans are prepared for each asset and are an integral part of Sarofim Realty Advisor's asset management process. The plans are based on each client's investment strategy, current property conditions, and market dynamics. The information incorporates internal research and macro-economic data from external sources. Information in the annual business plan includes the following:

- Project Summary
- Financing Summary
- Investment Performance
- Capitalization/Valuation
- Major Tenants
- Rollover Schedule/Occupancy
- Leasing Activity
- Hold/Sell Recommendation

- Prior Year Forecast vs Prior Year Business Plan
- Prior Year Forecast vs Current Year Business Plan
- Current Year Business Plan vs Acquisition Pro Forma
- Prior Year Significant Events
- Current Year Objectives
- Long Term Objectives
- Market Overview
- Submarket Overview
- Competitive Market Position
- Competitive Properties
- Comparable Sales

- Exhibits
 - a. Location Map
 - b. Stacking/Site Plan
 - c. Rent Roll
 - d. Partnership Summary
 - e. Tax and Insurance Summary
 - f. Budget
 - i. Monthly Cash Flow
 - ii. Leasing Assumption Detail
 - iii. Capital Expenditure Detail
 - g. Valuation
 - i. Cash Flow Projection
 - ii. Valuation Assumptions
 - h. Projected Distributions and Contributions
 - i. Market Overview
 - j. Submarket Overview

The Investment Committee approves material events that occur outside the approved plan. As part of the quarterly review process, the firm reevaluates assumptions and strategies that comprised the annual business plan and implements any necessary adjustments to the plan.

One or more of the investment professionals assigned to an account will confer with the client from time to time. Clients may also request a conference to review their account. Client communication is an important part of our investment advisory services, and we encourage clients to contact us if they have questions.

Item 14 –Client Referrals and Other Compensation

Sarofim Realty Advisors Co. has a written agreement with Eaton Partners, LLC (“Eaton”) to solicit new clients. Eaton’s services include the identification and qualification of new investors, assistance with prospective client communication and investment terms, as well as other investment marketing related services. The fee to Eaton includes a fixed monthly retainer, reimbursement of expenses, and an incentive fee calculated as a percentage of committed capital.

Sarofim Realty Advisors Co.’s parent company, Fayeze Sarofim & Co., and another affiliate, Sarofim International Management Company, have entered into several written solicitation agreements.

Fayeze Sarofim & Co. has one such agreement with MBSC Securities Corporation (MBSC), formerly named Dreyfus Service Corporation. MBSC has agreed to solicit investment advisory clients for the firm on a non-exclusive basis. The firm, in turn, has agreed to pay MBSC a referral fee, which is based on the investment advisory fees the firm receives from a client referred by MBSC. The referral fee is computed quarterly and due within 30 days after the end of a quarter. For accounts managed less than 12 months, the referral fee is 50 percent of the investment advisory fee. For all other accounts, the fee is 20 percent. No accounts are to be solicited in states in which such solicitations are not in compliance with state laws.

Fayeze Sarofim & Co. also has three written solicitation agreements with Papamarkou Wellner Asset Management Inc. (PWAM). One agreement is for institutional accounts, one for non-institutional accounts, and the third agreement, which is inactive, is for incentive-fee government margin accounts. PWAM has agreed to solicit investment advisory clients for the firm on a non-exclusive basis. For accounts referred under the institutional and non-institutional account agreements, the firm has agreed to pay PWAM a referral fee, which is computed quarterly at 40 percent of the aggregate quarterly investment advisory fees the firm receives from clients referred by PWAM. The referral fee is due promptly after the firm collects the advisory fees. No accounts are to be solicited in states in which such solicitations are not in compliance with state laws.

Fayeze Sarofim & Co. also entered into a written solicitation agreement with R. E. Kassir Corp. (REKC), a corporation controlled by Raymond E. Kassir. This agreement was terminated effective August 13, 1995, but the firm remains obligated to pay referral fees to REKC for as long as those clients who it referred to the firm continue to pay investment advisory fees. No accounts were to be solicited in states in which such solicitations were not in compliance with state laws. The agreement provided for REKC to receive a retainer fee and a referral fee. The referral fees are computed quarterly at 35 percent of the aggregate quarterly investment advisory fees the firm receives from clients referred by REKC. Referral fees are paid quarterly promptly after the firm collects the advisory fees. For clients of foreign domicile, a special fee schedule for foreign and foreign-related accounts is used.

Fayeze Sarofim & Co.’s affiliate Sarofim International Management Company has entered into a written solicitation agreement with Papamarkou Wellner Asset Management Inc. (PWAM). PWAM has agreed to solicit investment advisory clients for the firm on a non-exclusive basis. For accounts referred under the agreement, the firm has agreed to pay PWAM a referral fee, which is computed quarterly at 40 percent of the aggregate quarterly investment advisory fees

the firm receives from clients referred by PWAM. The referral fee is due promptly after the firm collects the advisory fees. No accounts are to be solicited in states in which such solicitations are not in compliance with state laws.

Sarofim International Management Company has also entered into a written solicitation agreement with Eaton Financial Consultants S.A. (EFC), a British Virgin Islands international business company. EFC has agreed to solicit investment advisory clients for the firm on a non-exclusive basis. The firm has agreed to pay EFC a referral fee for solicited accounts that pay an investment advisory fee during the term of the agreement and during the eleven calendar months after the termination of the agreement. The fee is to be computed and paid quarterly at 40 percent of the aggregate quarterly investment advisory fees the firm receives from clients referred by EFC. No accounts are to be solicited in states in which such solicitations are not in compliance with state laws.

From time to time, brokers, dealers, or other persons may refer clients or prospective clients to Sarofim Realty Advisors Co., Fayez Sarofim & Co., or its other affiliates on an informal basis. The firms do not pay fees for these informal referrals. Furthermore, the firms will not select brokers or dealers to execute portfolio transactions solely on the basis that they have referred clients or prospective clients to the firm.

Item 15 –Custody

“Custody” means holding, directly or indirectly, client funds or securities or having authority to obtain possession of them.

Sarofim Realty Advisors Co. does not provide custodial services.

Sarofim Realty Advisors Co. forms legal entities to hold title to real estate investments and other assets on behalf of our clients. Sarofim Realty Advisors Co. is the general partner in some of the investment partnerships. In this capacity of general partner, the firm is deemed to have custody of the assets. As a result of having deemed custody, Sarofim Realty Advisors Co. is subject to certain rules and regulations promulgated by the SEC to address our ability to control client assets. Sarofim Realty Advisors Co. has met an exception to these rules by requiring all of the legal entities we have formed to be audited by an independent public accounting firm that is subject to inspection by the Public Company Accounting Oversight Board and by distributing these audited financial statements to the beneficial owners of the assets at least annually and within 120 days of the fiscal year end of the entity controlling the assets.

Item 16 –Investment Discretion

Sarofim Realty Advisors Co. will manage clients' assets on either a discretionary or non-discretionary basis. With full discretionary authority for an account, we are able to do the following without obtaining the client's consent:

- Determine which properties to buy or sell
- Determine the amount of debt and equity to allocate to property acquisitions

Before the firm may assume discretionary authority, the firm and the client must execute an investment advisory agreement which includes:

- A statement of the firm's appointment as investment manager
- A discussion of the duties and powers of the firm as investment manager, including discretionary authority
- A description of the duties of the client, including advising the firm of investment objectives and any specific restrictions
- Other pertinent information on matters such as compensation and termination

When we provide services on a non-discretionary basis, we give the client investment advice, but we do not have the authority to implement major recommendations in the client's portfolio without the client's approval. The client may or may not follow the firm's advice.

Item 17 –Voting Client Securities

The disclosures required by Item 17 do not apply to Sarofim Realty Advisors Co.

Item 18 –Financial Information

The disclosures required by Item 18 do not apply to Sarofim Realty Advisors Co. The firm is in sound financial condition, and we are confident that we can meet future contractual commitments to our clients. Neither Sarofim Realty Advisors Co. nor any of our affiliates has ever filed a bankruptcy petition.

Item 19 –Requirements for State-Registered Advisers

Sarofim Realty Advisors Co. is not a state-registered adviser.