

# CBRE Global Investors, LLC

## Part 2A of Form ADV The Brochure

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This brochure provides information about the qualifications and business practices of CBRE Global Investors, LLC (“CBRE Global Investors” or “we”). If you have any questions about the contents of this brochure, please contact Mario Indelicato, Chief Compliance Officer (Tel: 213-683-4200, email: [mario.indelicato@cbreglobalinvestors.com](mailto:mario.indelicato@cbreglobalinvestors.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 CBRE Global Investors is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## 2. Material Changes

This current brochure is dated March 28, 2014 and replaces the prior one dated March 31, 2013.

The brochure has been updated primarily in order to reword or reorder certain disclosures in order to provide greater clarity.

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## 4. Advisory Business

The Investment Management business of CBRE Group, Inc. ("CBRE") started in 1972. CBRE Global Investors, LLC was formed in 1994 under the name of a prior owner. Its name was subsequently changed to CBRE Global Investors, LLC.

CBRE Global Investors, LLC is an indirect, wholly owned subsidiary of CBRE, which is a publicly traded company in the United States. CBRE Global Investors and its subsidiaries provide real estate and real estate related investment and asset management services (including equity and debt) to clients throughout the United States and, through other affiliates, in the United Kingdom, continental Europe and Asia.

We broadly engage in two lines of business: (i) we act as sponsor, manager, general partner and/or investment adviser of commingled investment vehicles and programs, such as limited partnerships, limited liability companies and other commingled vehicles ("Investment Funds"),

and (ii) we act as investment manager or adviser for separately managed accounts for certain clients (“Separate Accounts”). Our Investment Funds and Separate Accounts (together, our “clients”) cover a broad range of the risk/return spectrum and make direct investments in real estate and real estate related investments and investments in third party managed and sponsored private real estate funds.

Generally, our investor base for the Investment Funds includes large institutional investors, such as public and corporate pension plans. Many of these investors have their own independent consultants or advisers to assist them in their investment choices. Each investor in our Investment Funds is required to be an “accredited investor” within the meaning of Regulation D under the Securities Act of 1933. Each investor is also required, either alone or with its representatives, to possess such knowledge and experience in financial and business matters such that it is capable of evaluating the merits and risks of the method of investment and the compensation received by CBRE Global Investors.

Clients may impose certain restrictions and limitations with respect to Separate Accounts. In particular, clients may impose investment guidelines and/or restrictions that will be taken into account in managing the account. Investment guidelines or restrictions may limit CBRE Global Investors' ability to fully invest the account according to the investment objective desired by the client. CBRE Global Investors does not provide investment advice to investors in Investment Funds based upon their individual needs.

As of December 31, 2013, CBRE Global Investors and its global affiliates managed on a discretionary and non-discretionary basis approximately \$89.1 billion in client assets consisting of real estate related investments held for investment purposes.<sup>1</sup> Of this amount, CBRE Global Investors LLC's AUM was approximately \$9.7 billion (which excludes the Investment Funds managed by its US affiliate, CBRE Global Value Investors, LLC) with the assets managed by CBRE Global Investors on a discretionary basis being approximately \$1.9 billion and the assets managed on a non-discretionary basis being approximately \$7.8 billion.

We invest our own capital in many of our Investment Funds to align our interests with those of our investors – see Item 7, Types of Clients.

## 5. Fees and Compensation

For its real estate investment advisory services, CBRE Global Investors is usually paid some or all of the following fees (depending on the client): (1) an acquisition fee based upon the cost of an acquired asset; (2) a disposition fee based on the sales price of a sold asset; (3) an asset management or investment advisory fee based upon the cost or fair market value of assets under

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<sup>1</sup> Assets under management (AUM) refers to fair market value of real estate-related assets with respect to which CBRE Global Investors (and all of its global affiliates) provides, on a global basis, oversight, investment management services and other advice, and which generally consist of properties and real estate-related loans; securities portfolios; and investments in operating companies, joint ventures and in private real estate funds under its fund of funds program. This AUM is intended principally to reflect the extent of CBRE Global Investors' presence in the global real estate market, and its calculation of AUM may differ from the calculations of other asset managers.

management, the amount of committed equity or the amount of equity invested or the net operating income generated by a portfolio; and (4) a performance or incentive fee when assets are disposed of or distributions are made or when an Investment Fund is liquidated (such performance or incentive fees are calculated based on the profits achieved for the Separate Account or Investment Fund). Performance fees are further described in Item 6, below.

We do not have a set fee schedule. Fees for Separate Account clients are generally individually negotiated with the client upfront and are set forth in applicable separate account investment management agreements with the client. No compensation is payable until services are rendered. Fees for our Investment Funds are typically set on a fund-by-fund basis, are disclosed in the fund's Private Placement Memorandum or prospectus and are set out in the constituent documents of those funds or in separate agreements with the applicable investor.

CBRE Global Investors may also be an investor in an Investment Fund in which case it will receive its percentage interest of current income and gains/losses as an investor in addition to its investment advisory fees (as summarized above).

Our fees are exclusive of third party real estate brokerage commissions, service provider transaction fees, property management fees, appraisal fees, custodial fees, and other related service provider costs and expenses, all of which are liabilities of clients or funds. Please refer to Item 12 for additional information regarding the use of service providers for client transactions, and in determining the reasonableness of their compensation, and refer to Item 10 regarding our use of affiliated entities for these functions.

For Separate Accounts, clients are generally billed directly for management fees. For Investment Funds, the fees and performance based compensation are typically deducted from the assets of the pooled vehicle or from cash flows attributable to such funds. For Separate Accounts, performance-based compensation, if any, is either billed to the client or deducted from the clients' assets. Generally, management fees for Separate Accounts are charged quarterly in arrears. To the extent that a Separate Account is in existence less than a full calendar quarter, the management fee will be prorated. For Investment Funds, management fees may be charged either quarterly or monthly.

## **6. Performance Based Fees and Side-by-Side Management**

CBRE Global Investors receives performance based fees for certain Separate Account clients. Such fees are specifically tailored to the Separate Account client and are based on achieving a return or a level of net operating income for a portfolio above a pre-specified benchmark. CBRE Global Investors also charges a performance based fee for its sponsored Investment Funds which is based on realized returns and meeting a pre-specified return or high water mark.

All performance-based income is calculated and paid in accordance with Section 205 and Rule 205-3 under the Investment Advisers Act of 1940. There is no standard performance fee structure; performance fee structures are dependent on the nature of the client and the mandate. Accordingly, fee structures may vary from client to client.

Because of the different fee arrangements in place for our clients, including our receipt of performance-based fees from some clients and not from others, we may have an incentive to favor clients that pay performance-based fees over those that do not. This incentive could, for example, affect our decision to effect real estate transactions for some clients and not for others if we believe the transaction will be profitable. Our receipt of performance fees may also incentivize us to make investments that are riskier or more speculative than we would make if we did not receive performance fees. In addition, certain Separate Accounts and Investment Funds have similar and, in some limited instances, overlapping investment strategies and objectives.

These risks are mitigated by our structure and our policies and procedures which seek to provide that investment decisions are made without consideration of our pecuniary interests, and instead are made in accordance with the governing legal documents relating to a client account, in accordance with our fiduciary duties to all client accounts and in accordance with our Investment Allocation and Registration Programs, described below.

#### Investment Allocation Program

CBRE Global Investors utilizes separate operating units to execute distinct investment strategies. These operating units contain focused investment teams responsible for executing their respective strategy. The CBRE Global Investors Managed Accounts Group and a fund managed by CBRE Global Investors invest in the United States directly in real estate on behalf of foreign and domestic clients and investors. The separate accounts may invest across the risk spectrum – core, value-add and opportunistic. CBRE Global Value Investors, LLC, which is an affiliate of CBRE Global Investors, manages a series of closed-end funds focusing on value-add investing (the "Strategic Partners Funds"). In situations where both the Managed Accounts Group and the Strategic Partners Funds are deploying value-add capital, CBRE Global Investors has employed a deal registration system (see below) whereby investment opportunities are assigned to the operating unit that first registers the opportunity.

With respect to the Managed Accounts Group and the aforementioned fund, investment opportunities are allocated to clients according to a "longest elapsed time" approach so that each client is treated fairly. An initial screening process is used to determine the appropriate client for a prospective investment. The President of the Managed Accounts Group administers the screening process by applying the following criteria:

- Client/Fund Capital Requirements
- Geographic Location
- Property Type
- Transaction Structure
- Risk Profile
- Yield Requirements

The client at the top of the rotation will be offered the investment opportunity. If the client elects to proceed, the Managed Accounts Group will pursue the transaction on their behalf and they will be moved to the end of the rotation, even if the transaction does not close. Should the client decline the opportunity, the client will remain at the top of the rotation and the next client in the

queue will have the option of selecting the opportunity. This traditional rotation policy is consistent with market best practices and has been reviewed by consultants for fairness.

The methodology of the investment allocation process is strictly enforced with objective criteria. CBRE Global Investors' Chief Executive Officer, with participation from portfolio managers as advocates for their respective clients and the President of the Managed Accounts Group, is the final arbitrator of the allocation of all investment opportunities.

### Registration Program

In order to manage the allocation of investment opportunities between Separate Account clients and the other fund managed by CBRE Global Investors on the one hand and the Strategic Partners Funds on the other hand (without respect to whether we receive performance-based compensation from such clients), we utilize a "Registration Program" under which our separate internal investment teams may claim or "register" a proposed investment for the client accounts they manage. The purpose of the Registration Program is to provide a simple and objective process to allocate investment opportunities to dedicated investment teams between Separate Accounts and Strategic Partners Funds that may pursue overlapping acquisition targets. Applicable dedicated investment teams within CBRE Global Investors will "register" for the right to pursue a proposed investment transaction. The Registration Program is used to register transactions at such time as a transaction becomes feasible. The first internal investment team to register with respect to a transaction will have the exclusive right (as between the investment teams) to pursue the associated transaction. As long as a team is demonstrating reasonable progress on a registered transaction (as determined in investment meetings), the team will retain its exclusive rights to the investment. In the event that an investment team is not demonstrating progress, the transaction may be reallocated to another team with the approval of the Strategic Partners Fund or the Separate Account team leader.

In practice, the issue of competing investment opportunities rarely arises given the differing investment strategies between our clients.

## **7. Types of Clients**

CBRE Global Investors advises large institutional Separate Account clients on investments in commercial real estate. The Separate Account clients include public and corporate pension plans, sovereign wealth funds, endowments, foundations, family offices, and other institutions, and other real estate investment vehicles.

CBRE Global Investors also serves as an investment manager or adviser of Investment Funds which were formed by CBRE Global Investors to facilitate investment in commercial real estate by institutional investors. Such Investment Funds are typically formed as Delaware or Cayman limited partnerships or limited liability companies. CBRE Global Investors provides management services directly to the Investment Funds. CBRE Global Investors does not provide investment advice to investors in such pools based upon their individual needs. Unless otherwise stated in a prospectus or other constituent documents for an Investment Fund, the minimum required

investment amount for an investor is generally \$5 million, although CBRE Global Investors and its subsidiaries have discretion to accept a lower investment amount.

Investment Management Agreements with CBRE Global Investors for Separate Account clients are generally terminable by the clients on short periods of notice or immediately for certain cause events. In addition, for Investment Funds, a simple majority in interest of investors may sometimes be able to terminate a CBRE Global Investors affiliate as the general partner of the fund, which would also likely result in the termination of CBRE Global Investors' advisory relationship with the Investment Fund.

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

CBRE Global Investors seeks to obtain operating income and capital appreciation from real estate related investments for clients, and to obtain interest income from mortgage investments for clients.

### Investment Strategies

CBRE Global Investors and its global affiliates sponsor real estate investment programs for investors around the world. Programs include core, value added and opportunistic strategies in real estate equity, real estate debt, and fund of funds, through separate accounts and a variety of pooled investment vehicles. These programs include:

- Real estate equity: Tailored direct equity real estate investment strategies on behalf of Separate Account clients and Investment Funds worldwide.
- Multi manager: Global unlisted real estate fund of funds portfolios managed on behalf of separate account clients and pooled fund vehicles.
- Listed real estate securities: Global listed real estate securities portfolios managed on behalf of separate account clients and pooled fund vehicles.
- Real estate debt: Investment Funds that originate and acquire mortgage loans and real estate-related securities, with a specific emphasis on asset-level underwriting.

A description of the key investment strategies of CBRE Global Investors and its global affiliates is provided below:

A "Core" strategy seeks to invest in real estate assets with stable current income and appreciation returns commensurate with a low to moderate level of risk. The majority of the return will be based on cash flow. Investments are typically located in major markets and are substantially leased, institutional-quality assets. Leverage is moderate with generally an upper limit of 50% loan to value. Property types are institutional-quality office, industrial, retail and residential.

A "Value Added" strategy seeks to invest in real estate assets with a moderate risk profile and greater appreciation potential than core. The returns will come from a blend of income and appreciation. Leverage is generally limited to 60% loan to value. Property types are institutional-quality office, industrial, retail and residential.

An “Opportunistic” strategy seeks to invest in real estate assets with high-risk attributes; returns are often largely dependent on future appreciation. Leverage can be 75% loan to value or greater. Property types include office, industrial, retail and residential. Investments in operating companies and development will also be considered.

### Method of Analysis

CBRE Global Investors is organized into focused operating units and investment teams. An investment team is assigned to each program, fund series or client (or more than one complementary client with similar strategies). Each team is involved in all facets of investment management, including ongoing acquisitions, asset management and dispositions, and is accountable for the total performance throughout the investment life cycle. Each team is supported by shared CBRE Global Investors resources, including research, legal, compliance, accounting, and investor reporting. As an independently operated investment management affiliate of CBRE, CBRE Global Investors seeks to harness its own real estate investment strengths as well as the resources of CBRE’s leasing, property management, acquisition and disposition brokerage, and debt professionals for the benefit of our investors. Our investment teams seek to leverage the “real-time” market intelligence and established execution capabilities of over 37,000 CBRE professionals located around the world to identify and capitalize on potential investment opportunities available to the client.

CBRE Global Investors uses an investment analysis approach that is grounded on thorough due diligence of, and underwriting on, a real estate related investment. Each investment team utilizes a disciplined, research-based investment process that dictates a structured approach for the selection, underwriting, pricing, closing, operation and disposition of investments. Generally, the CBRE Global Investors’ real estate investment teams focus on investments in high-quality properties in highly rated major metropolitan areas. Property-level operating and exit strategies are formulated during the acquisition phase of an investment and these strategies may be continually re-evaluated based on the client’s investment strategy and the research outlook for the capital and property markets.

The due diligence and underwriting process is designed to mitigate physical and financial risk and to uncover opportunities for creating value. The general focus of due diligence is to audit and challenge the information provided by the seller, developer or fund manager and to evaluate broader opportunities represented by potential transactions. Third-party specialists may be retained to inspect the physical and environmental aspects of any potential investment. In development transactions, the teams may also retain third-party providers to assess and evaluate development feasibility, construction risk, and development partner background. The teams may complete a detailed tenant review, including tenant interviews, to understand tenant creditworthiness and opportunities for value creation through negotiating improved rental rates or longer lease terms.

A key element of the underwriting and due-diligence processes includes input from leasing specialists in the local CBRE offices. “On-the-ground” local market and tenant information, including rental data, leasing activity and new development potential, may be utilized to ensure



that the advice provided to clients capitalizes on, and adjusts to changing market conditions. These leasing specialists may also provide the teams with “local market intelligence” including how the property is positioned and perceived in the marketplace, factors impacting tenant demand, strategic threats to the asset and opportunities to add value through repositioning strategies. In addition, working with these third-party specialists allows the team to prepare a more comprehensive capital expenditure budget that outlines the costs involved in repositioning an asset from a physical perspective including curing deferred maintenance issues.

Each of the key investment programs has its own Investment Committee. The most recent Investment Funds and all Separate Account clients use the Americas Regional Investment Committee, which is responsible for ensuring the proper execution of its investment strategies and consistency in applying its investment management processes. Select transactions are also reviewed by a Global Investment Committee comprised of the most senior members of global management. The older Investment Funds use discrete Investment Committees identified in each Investment Fund’s offering materials. These legacy Investment Committees include some, but not all, of the members of the Americas Regional Investment Committee or the Global Investment Committee. These committees oversee and approve certain “major decisions” (e.g. acquisitions, dispositions, financings and new joint ventures) related to investments made on behalf of clients. Each Investment Committee includes employees with substantial experience in commercial real estate investment management and operations and, in select cases, senior members of the dedicated investment team for the applicable investment program or operating unit. In addition, to ensure a level of independence, certain of our Investment Committees have an independent member with no affiliations to the team.

## Risks

Real property investments are subject to varying degrees of risk. The yields available from equity investments in real estate depend in large part on the amount of income generated and expenses incurred. If the investments do not generate revenues sufficient to meet operating expenses, including debt service, tenant improvements, leasing commissions and other capital expenditures, clients may be required to fund or borrow additional amounts to cover fixed costs, and the cash flow of such client account (and, with respect to Investment Funds, its ability to make distributions to investors) will be adversely affected. Although each investor will be investing in a range of investments, all real estate investments are speculative in nature and the possibility of partial or total loss of capital exists. Clients should not enter into an advisory relationship with us, and investors should not subscribe to or invest in an Investment Fund we manage unless they can readily bear the consequences of such loss. Revenues and the value of properties may be adversely affected by a number of factors, including: the national, state and local economic climate and real estate conditions (such as oversupply of or reduced demand for space and changes in market rental rates); the perceptions of prospective tenants of the safety, convenience, location and attractiveness of the properties; our ability, on behalf of a client, to provide or procure adequate management, maintenance and insurance for real estate properties held in client accounts; the financial condition of tenants, buyers and sellers of property; the ability to collect on a timely basis all rent from tenants; the expense of periodically renovating, repairing and releasing spaces; structural or property level latent defects; uninsured losses or delays from casualties or condemnation (such as hurricanes, floods and earthquakes); increasing operating costs (including

real estate taxes and utilities) which may not be passed through to tenants; and acts of God and other factors beyond our control.

Certain significant expenditures associated with investments in real estate (such as mortgage payments, real estate taxes, insurance and maintenance costs) are generally not reduced when circumstances cause a reduction in rental revenues from the property. In addition, real estate values and income from properties are also affected by such factors as compliance with applicable laws, including regarding zoning and usage, environmental and tax laws, interest rate levels and the availability of financing.

Real estate investments are relatively illiquid. Our ability to quickly modify the contents of a client portfolio in response to changes in economic and other conditions will be limited. There can be no assurance that a client will be able to dispose of an investment when it finds disposition advantageous or necessary or that the sale price of any disposition will recoup or exceed the amount of an investment by such client.

In addition, our Investment Funds that originate and invest in real estate related debt carry their own unique risks. In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real property investments, an Investment Fund originating and investing in debt will be subject to a variety of risks in connection with such debt investments, including the risks of illiquidity, lack of control, mismanagement or decline in value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on such Investment Fund's exercise of contractual remedies for defaults of such investments.

Mortgage investments have special inherent risks relative to collateral value. To the extent an Investment Fund makes or acquires subordinated or "mezzanine" debt investments, it does not anticipate having absolute control over the underlying collateral because it will be dependent upon third-party borrowers and agents and will have rights that are subordinate to those of senior lenders. In certain circumstances, loans may not be secured by a mortgage, but instead by partnership interests or other collateral that may provide weaker rights than a mortgage. In any case, in the event of default, an Investment Fund's source of repayment will be limited to the value of the collateral and may be subordinate to other lienholders. The collateral value of the property may be less than the outstanding amount of an Investment Fund's investment; in cases in which its collateral consists of partnership or similar interests, such Investment Fund's rights and level of security may be less than if it held a mortgage loan. Returns on an investment of this type depend on the borrower's ability to make required payments, and, in the event of default, the ability of the loan's servicer to foreclose and liquidate the mortgage loan.

Real estate loans originated or acquired by an Investment Fund may be at the time of their origination or acquisition, or may become after origination, participation or acquisition, nonperforming for a wide variety of reasons. Such nonperforming real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a reduction in the interest rate and a writedown of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such real estate loan, replacement "takeout" financing will not be available. It is possible that the

Investment Fund may find it necessary or desirable to foreclose on collateral securing one or more real estate loans originated or purchased by such fund. The foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states, foreclosure actions can take up to several years or more to conclude. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

Additional risks associated with real estate development activities include the following: an Investment Fund may abandon development activities after expending resources to determine their feasibility; the construction cost of a project may exceed original estimates; occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable; financing may not be available on favorable terms for development of a property; and the construction and lease up of a property may not be completed on schedule (resulting in increased debt service and construction costs) (in all cases including risks beyond the control of the applicable general partner, such as weather or labor conditions or material shortages). Development activities are also subject to risks relating to inability to obtain, or delays in obtaining, necessary zoning, land-use, building occupancy and other required governmental permit or regulatory authorizations. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on an Investment Fund. If any of the above occurs, the ability of a fund to make distributions to its underlying investors could be adversely affected. In addition, new development activities, regardless of whether they are ultimately successful, may require a substantial portion of management's time and attention, and market conditions may change during the course of development that make such development less attractive than at the time it was commenced.

## **9. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of a firm or the integrity of the firm's management.

CBRE Global Investors has not been subject to any legal or disciplinary events which require disclosure under this item. Likewise, CBRE Global Investors personnel have not been subject to any legal or disciplinary events which require disclosure under this Item.

## 10. Other Financial Industry Activities and Affiliations

### CBRE Group

As noted above, CBRE Global Investors is an indirect, wholly owned subsidiary of CBRE. CBRE is a leading diversified commercial real estate services firm, with operating divisions or subsidiaries in commercial real estate brokerage, mortgage banking, appraisal, property management and investment management.

### Affiliations Generally

CBRE Global Investors is affiliated with several types of entities, including but not limited to:

- Broker-dealer
- Investment adviser
- Real estate broker
- General partners

Many of these affiliations are not material to our advisory business or our clients. Significant affiliations are identified in our Form ADV Part 1.

### Broker-Dealer

A small number of employees are also registered representatives of an affiliated broker-dealer, CBRE Capital Advisors, Inc., and market limited partnership and similar interests in Investment Funds sponsored by CBRE Global Investors.

### Investment Advisers

Our wholly owned subsidiary, CBRE Global Value Investors, LLC is an investment adviser registered with the U.S. SEC. CBRE Global Investors and CBRE Global Value Investors, LLC share centralized back-office, administrative, and compliance personnel.

In addition, CB Richard Ellis Investors SP Asia LLC, CBRE Capital Partners U.S. Manager, LLC, CBRE Global Investors Headway GP, LLC, CBRE Global Investors GPIF Management, LLC and CBRE Global Investors WCM Management, LLC are relying advisers of CBRE Global Investors, LLC and accordingly are deemed registered with the SEC.

### Real Estate Broker

On behalf of clients, CBRE Global Investors often engages affiliates for investment sales, property management, leasing, debt financing and other services from time to time. The affiliation with CBRE and access to the CBRE platform is a benefit that our clients expect. However, having multiple affiliates that are in the real estate services business may give rise to a conflict of interest if CBRE Global Investors has discretion to select, or is responsible for recommending to a client, service providers that are affiliates.

### General Partners and Related Entities

CBRE Global Investors forms subsidiaries to act as the general partner, adviser, manager or similar role for particular Investment Funds or Separate Accounts.

### Potential Conflicts

Investment management agreements for Separate Account clients and the partnership agreements for Investment Funds may contain guidance and/or restrictions on the use of affiliated service providers, a potential conflict of interest. For example, some Separate Account clients may have the right to review and approve fees paid to affiliates and/or the proposed written agreements with affiliates, or require that the fees be confirmed by quotes or bids.

With respect to Investment Fund clients, the use of affiliated service providers is generally disclosed in the offering document and the independent advisory board of the Investment Fund (usually composed of the largest investors in the Investment Fund that are not affiliated with CBRE Global Investors) typically reviews the rates and fees charged by affiliates.

Our employees also endeavor to engage the best service providers in an applicable market (whether affiliates or unaffiliated third parties) with the most competitive fees and rates. Subject to client-imposed criteria or restrictions, when engaging CBRE affiliates, clients must receive fair, reasonable and competitive terms and fee rates that are commensurate with and no less favorable than those that would be negotiated with an unaffiliated third party on an arm's length basis providing comparable services in the local market. All service agreements with affiliates must be set forth in writing.

In addition, we must select any affiliated service providers in good faith and in furtherance of the best interests of the applicable client.

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

### Code of Ethics

CBRE Global Investors has adopted a written Code of Ethics (the "Code") in its Investment Management Policies and Procedures, which is in compliance with its obligations as a registered investment adviser with the SEC. The Investment Management Policies and Procedures is applicable to and is made available to all employees of CBRE Global Investors. Among other things, the Investment Management Policies and Procedures requires CBRE Global Investors and its employees to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on certain kinds of personal securities transactions. All employees of CBRE Global Investors are required to make annual certifications certifying that they are in compliance with the Investment Management Policies and Procedures. Clients, prospective clients, Investment Fund investors, and prospective investors may review a copy of the Code by contacting CBRE Global Investors at the address or telephone number listed on the first page of this document.

### Participation or Interest in Client Transactions

CBRE Global Investors solicits investment from existing clients and investors in new investment vehicles it sponsors after making full disclosure of any interest of CBRE Global Investors or any related person. The decision whether or not to invest is made by the client/investor or an independent fiduciary of the client/investor.

In order to align our interests with those of our investors, CBRE Global Investors (or its affiliates, principals or employees) may invest alongside investors in amounts generally ranging from 1% up to 3% of the fund's equity.

For our more recently organized Investment Funds, a significant portion of our expected compensation is calculated as a percentage of distributable profits after the fund has met agreed investment returns to the investors. This calculation usually occurs in the later years of the fund. Please see Item 6 - Performance Based Fees and Side-by-Side Management for additional information regarding our receipt of performance based fees. Compensation of our senior management, and principal fund managers, is based in part on our success in achieving these returns.

Based on the forgoing, CBRE Global Investors believes that it has a strong incentive to achieve maximum returns to investors over the long term/life of the Investment Fund or Separate Account.

### Personal Trading

Certain supervisory persons are required to (1) report personal securities transactions on at least a quarterly basis, (2) provide a detailed summary of certain holdings and securities accounts (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest, and (3) pre-clear acquisitions of securities in IPOs or private placements. From time to time, securities of certain public companies are placed on a "restricted list" with such supervisory persons being restricted from trading in such securities without pre-clearance from the Chief Compliance Officer or the Legal Department.

## **12. Brokerage Practices**

On behalf of clients, CBRE Global Investors engages service providers and brokers for investment sales, property management, leasing, debt financing and other services from time to time. CBRE Global Investors has investment discretion (under its management or fund agreements) to hire third party service providers, including real estate brokers and the commissions paid to those brokers. Because CBRE Global Investors is affiliated with a real estate brokerage company, limitations are imposed on CBRE Global Investors' ability to hire any affiliated brokerage companies. For some clients, our investment management agreements allow the client to review and approve fees paid to affiliated brokers. In all cases, CBRE Global Investors only pays commissions and other fees that are standard in the local market. Commissions and other fees are not affected by the research used in the investment process. See

also Item 10 for an additional discussion of our selection of affiliates as service providers for client transactions.

In engaging brokers and service providers, the CBRE Global Investors investment team seeks to select the best service provider at a competitive fee structure. The team considers a number of selection criteria when deciding on the hiring of a service provider, including, but not limited to: recent experience in the local market and property type, both user and investor; depth and breadth of regional and national; team knowledge and capabilities; conflicts of interest; prior experience with the team and/or company; pricing analysis and recommendations; fee proposal; and preferences from counterparty (whether it is a seller, lender or joint venture party). Upon completion of the broker selection process, the team leader or the responsible asset manager will select a qualified broker and will execute an agreement (e.g. listing agreement).

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

CBRE Global Investors is a manager of real estate investments on behalf of clients. In that capacity, CBRE Global Investors is involved on a day to day basis in directly managing real estate assets of its clients. No particular factor triggers review of assets. Each client portfolio is assigned to a senior director who is involved in supervising the management of the portfolio. In effect, the account is continuously under review.

In general, major real estate investment decisions are made by a Regional Investment Committee and, in select cases, a Global Investment Committee. CBRE Global Investors' Investment Committee members primarily include employees with substantial experience in commercial real estate investment management and operations. See Item 8 for a further description of our Investment Committees.

Generally, CBRE Global Investors provides quarterly reports to each client, which include a quarterly summary of financial information about real estate investments owned by the client, and a summary of any significant decisions regarding the real estate investments. Annually, clients receive a detailed financial statement together with such other information as is reasonably necessary in the judgment of CBRE Global Investors to advise clients regarding the results of related real estate operations. Annual statements are generally audited by a nationally recognized accounting firm.

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

CBRE Global Investors may from time to time establish a referral program for its employees and/or the employees of its parent company whereby such employees are compensated with referral fees for referring clients to CBRE Global Investors (subject to certain conditions and compliance with Rule 206(4)-3 under the Investment Advisers Act of 1940).

In addition, CBRE Global Investors' affiliated broker-dealer, CBRE Capital Advisors, provides marketing services for certain of the Investment Funds and supervises certain personnel of CBRE Global Investors that are also registered representatives of CBRE Capital Advisors. For these

services, CBRE Capital Advisors receives a fixed fee from CBRE Global Investors that is not contingent on subscriptions or investments made by investors in the Investment Funds. The Investment Funds are not assessed any fee and do not pay the expenses of CBRE Capital Advisors in connection with these activities. Other than CBRE Capital Advisors, CBRE Global Investors does not utilize the services of any third party marketer or placement agent. CBRE Global Investors has occasionally utilized such services in the past when marketing Investment Funds. In each instance, the third party placement agent was compensated by CBRE Global Investors, and neither the investors nor the Investment Funds paid any fees. Should we use a third party placement agent in the future, we will comply with applicable SEC laws and regulations.

## **15. Custody**

CBRE Global Investors is deemed to have constructive custody of the assets of its Investment Funds under the applicable SEC regulations regarding custody. In order to comply with these SEC regulations, CBRE Global Investors ensures that all Investment Funds are audited by a third party accounting firm no less frequently than annually and sends the audited financial statements to all investors within 120 days of the Investment Fund's fiscal year-end.

Separate Account clients generally receive account statements from their custodian on at least a quarterly basis. Separate Account clients should carefully review the quarterly account statements they receive from these unaffiliated custodians. We also urge clients to compare the statements received from their custodians with the statements they receive from us. Statements that we provide clients may vary from the statements received from custodians due to differences in the timing on posting transactions, accounting procedures, or other reasons. CBRE Global Investors is also deemed to have constructive custody of certain bank accounts used in connection with property management. In order to comply with SEC regulations, CBRE Global Investors engages a third party accounting firm to conduct a surprise examination of these assets no less frequently than annually.

## **16. Investment Discretion**

An Investment Fund or a Separate Account for which we control investment acquisitions, financing and dispositions, directly or indirectly, is referred to as a “Discretionary Fund” or a “Discretionary Account”. Our Investment Funds are discretionary, and for these we control the fund and its subsidiary entities. In the United States, our Separate Accounts are primarily non-discretionary, but in some instances we provide officers for, or control the client’s investment entity.

CBRE Global Investors generally has investment discretion, under its management and fund agreements, to hire third party service providers, including real estate brokers and the commissions paid to those brokers. Because CBRE Global Investors is affiliated with a real estate brokerage company, limitations are imposed on CBRE Global Investors’ ability to select its affiliated brokerage company. As noted in Items 10 and 12 above, some clients’ investment management agreements with us permit the client to review and approve fees paid to affiliated brokers. In all cases, CBRE Global Investors only pays commissions and other fees that are



standard in the local market. Commissions and other fees are not affected by the research used in the investment process.

For clients that have granted discretionary authority to CBRE Global Investors, this authority is typically assumed through a power of attorney or contract provision granted or entered into by a Separate Account client, or through the constituent documents of an Investment Fund it advises.

## **17. Voting Client Securities**

Other than through its CBRE Global Multi Manager and listed real estate securities platforms, CBRE Global Investors typically does not purchase securities that require voting.

We have policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interests of our clients and to recognize and resolve any material conflicts of interest that may arise in the course of such voting.

If you would like additional information regarding how we have voted on specific proxies, or a copy of our proxy voting policies and procedures, please forward your written request to the attention of the Chief Compliance Officer, at CBRE Global Investors, LLC, 515 S. Flower Street, 31st Floor, Los Angeles, California, 90071 or via facsimile at (213) 683-4301.

## **18. Financial Information**

CBRE Global Investors has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.