

CROSSBEAM CAPITAL, LLC
(“Crossbeam Capital”, “We” or “Us”)

Form ADV, Part 2A
(the “**Brochure**”)

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This brochure provides information about the qualifications and business practices of Crossbeam Capital, LLC. If you have any questions about the contents of this brochure, please contact us at 240-223-0821. 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 Crossbeam Capital, LLC is available on the SEC’s website at www.adviserinfo.sec.gov.

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

Item 2 – Material Changes

This is our first Brochure. We will advise you in future annual updates of any material changes, either in this Item or in a separate document that we reference in this Item.

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Item 4 – Advisory Business

Description of Advisory Business

Crossbeam Capital is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Investment Advisers Act”). We are an institutional real estate investment advisor, currently providing real estate investment management and advisory services to two “pooled investment vehicles” whose investors are institutional investors, such as insurance companies, a commercial bank and a pension fund. These pooled investment vehicles are sponsored by Crossbeam Capital and are viewed as our clients. An affiliate of Crossbeam Capital serves as the general partner of each of these vehicles. Unless otherwise noted, when we refer to Crossbeam Capital, we mean both Crossbeam Capital and those affiliated general partners. From time to time we also provide real estate investment management and advisory services to investors who desire to invest outside of our pooled investment vehicle structures, which we refer to as our “separate account clients”.

Crossbeam Capital initially registered with the SEC on February 14, 2012 and has been in business since 2006.

Crossbeam Capital is wholly-owned by Crossbeam Holdings, LLC (“Crossbeam Holdings”) which, together with its subsidiaries, is a vertically-integrated apartment investment advisor, with acquisition, property management, development, and redevelopment capabilities, managing apartment investments nationwide. Crossbeam Holdings, LLC is owned as follows:

- 26.67% by Richard K. Devaney, Chairman and Chief Executive Officer of Crossbeam Holdings and our Chief Executive Officer;
- 33.33% by Maxwell B. Drever, our Chairman Emeritus; and
- 40.00% by two members of our executive management.

Description of Advisory Services

Crossbeam Capital provides investment management and advisory services regarding primarily multi-family real estate and related investments on behalf of its clients. Our real estate investments are typically limited to residential multi-family rental communities in select markets in the United States.

Most of our investors invest through closed-end, private, commingled investment vehicles, which we refer to as “pooled investment vehicles” organized by us. An affiliate of Crossbeam Capital serves as the general partner of each of these vehicles. An investor in one of these vehicles holds an ownership interest in the vehicle entity itself and does not directly own real estate. The pooled investment vehicle then typically holds the underlying real estate assets through equity investments in single-asset limited partnerships and limited liability companies that are managed by affiliates of Crossbeam Capital or under joint venture arrangements with third-party operators.

On occasion, Crossbeam Capital also provides real estate investment management and advisory services to institutional investors who desire or are required to invest outside of our pooled investment vehicle structures, which we refer to as “separate account clients”.

Our investment management and advisory services, in general, relate to the acquisition, rehabilitation, development, financing and/or disposition of real estate and real estate related investments. These services include: (a) advising clients with respect to investment strategies and investments in real estate limited partnership interests; (b) advising clients on financing and refinancing, restructuring and disposition of real estate investments; and (c) providing cash management services for clients’ funds.

Crossbeam Capital provides advice to its clients based on the specific goals, objectives and guidelines established with those clients. These guidelines are detailed in private placement memoranda or in investment advisor agreements with each client.

In 2010, our parent company, Crossbeam Holdings, acquired Concierge Asset Management, LLC (“Concierge”). Through this related company, Crossbeam Holdings LLC provides property management and construction management services for our clients when deemed appropriate.

Client Assets Under Management

The amount of client assets Crossbeam Capital managed on a discretionary basis as of December 31, 2013, was \$418,856,000, all of which was in pooled investment vehicles. All of the assets managed by Crossbeam Capital are managed on a discretionary basis.

Item 5 – Fees and Compensation

Crossbeam Capital’s fee structure is generally negotiable and takes into consideration the nature of the investment relationship and the anticipated investment management and advisory services to be provided for a client. However, Crossbeam Capital typically charges an investment management fee per annum at an annual rate of 1.5% of the committed and invested capital under management.

In some cases, Crossbeam Capital also charges an equity placement fee which is based on the equity placed in individual investments. This fee, though also negotiable, is generally 1% of the total equity placed in an investment.

Reimbursement policies are disclosed in the private placement memoranda and constituent documents of our pooled investment vehicles or separate account client entities. Costs that would be reimbursable to Crossbeam Capital include, but are not limited to, organizational costs, administrative costs, and other expenses required in the normal course of making an investment or an investment decision.

Crossbeam Capital has the right to deduct fees directly from cash flow received by, and investor capital contributions made to, our pooled investment vehicles or separate account client entities. Management fees are paid quarterly, in advance. Equity placement fees are paid upon the closing of a new investment. If an advisory services contract is terminated in the middle of a period, the

client will receive a pro rata refund of fees paid for that period based on the number of days that the contract was in place.

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

Crossbeam Capital receives performance-based fees from pooled investment vehicles and separate account client entities. These fees are calculated as a percentage of the realized net return above a certain minimum return to investors (e.g., 20% to Crossbeam Capital or its affiliates after the return of investor capital and the payment of a preferred return on investor capital ranging from 8.0% to 12.0%). These fees are disclosed in the private placement memoranda and in the governing documents related to such vehicles and entities.

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

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

Item 7 – Types of Clients

Types of Clients

Crossbeam Capital provides investment management and advisory services to its clients on a discretionary basis. These clients are primarily pooled investment vehicles. The investors in these pooled investment vehicles are accredited investors, primarily insurance companies, a bank, and a pension plan.

Crossbeam Capital also advises a limited number of separate account clients also consisting primarily of insurance companies and a pension plan, but which may in the future include high net worth individuals.

Minimum Account Size

Depending on the nature of the underlying investment, we sometimes impose minimum investment amounts (typically ranging from \$5,000,000 to \$10,000,000) on investors in our pooled investment vehicles and on separate account clients. Subject to the requirements of certain legal restrictions (which may impose independent minimum investment thresholds over which we have no control), we may waive these minimum investment amounts, as disclosed in the private placement memoranda and governing documents of the pooled investment vehicle entities.

IMPORTANT NOTICE

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

In no event should this Brochure be considered an offer of interests in a pooled investment vehicle or relied upon in determining to invest in a pooled investment vehicle. It is also not an offer of, or agreement to provide, advisory services directly to any recipient. Rather, this Brochure is designed only to provide information about us to comply with regulatory requirements under the Investment Advisers Act, which may cause information in this Brochure to differ from the information provided in a private placement memorandum. If there is any conflict between the information in this Brochure and similar information in a pooled investment vehicle's private placement memorandum, you should rely on the information in the private placement memorandum.

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

Methods of Analysis and Investment Strategies

Our principal investment focus is the acquisition and development of residential multi-family rental communities, in select markets in the United States, where there is an opportunity to add value through the multidisciplinary operating platform of Crossbeam Capital and our affiliates. The platform is comprised of three core teams: our acquisition team gathers information from multiple sources and performs proprietary analysis in the selection and purchase of its investments, drawing upon the expertise and input of our construction and property management teams; our construction team designs and supervises specific key upgrades that, based upon decades of experience, allow the property management team to optimize rents, raise occupancy, and lower lease turnover; and our property management team is conscientious and innovative in its provision of services that attract and retain optimal tenants.

The specific strategies we employ are outlined below.

- **Generate Superior Transaction Access.** We leverage our extensive sourcing capabilities, driven by our management team's nationwide relationship network. These relationships provide many different access points to generate opportunities, which include owner operators, merchant developers, banks, brokers, lenders, special servicers, REITs, institutional investors, and other investment fiduciaries. Our acquisition team employs a nationwide presence which provides on-the-ground geographic coverage of the key markets from the East Coast, Southeast, Southwest, and West Coast, allowing our clients exposure to the top institutional investment markets. With long term relationships built on trust and a proven ability to close, we are also able to access a flow of *off-market*

investment opportunities that offer exclusive access to our clients, often with more advantageous terms and pricing than marketed investments.

We understand complex transaction structures and are able to identify solutions that create value. Additionally, we understand how to leverage creative sources, from tax abatements to energy efficiency grants that are accretive to investment returns when available.

- **Forensic Property Due Diligence.** During the underwriting phase of potential acquisitions, we use our affiliates' fully-integrated operational capabilities to provide a distinct competitive advantage when evaluating every element of underperforming properties. We benefit from up-to-date market intelligence aided by our team's extensive on-the-ground operating presence. Our team's vast due diligence experience across a wide array of multi-family property types and geographies help to quickly identify relevant physical and operational issues during the underwriting process. When identified, issues are thoroughly analyzed and vetted. If necessary, our team will tap its extensive network of trusted third-party consultants to implement further in-depth investigation into material issues that fall outside their scope of expertise. The final results of the analysis are then synthesized into concise and comprehensive due diligence reports that detail the current operating and physical plant condition.
- **Creation of Customized Value Enhancement Strategies.** Upon completion of a forensic physical and operational analysis, we focus on customizing a menu of signature cost effective enhancements. Improvements to the entryways, landscaping, building exteriors, amenity areas, and unit interiors are carefully considered, which together position the property to achieve maximum net operating income growth. The detailed construction budget and operational business plan is then rigorously reviewed by the risk management and asset management team to ensure that all life safety and deferred maintenance items are adequately addressed, sufficient insurance is in place to protect the asset, and enhancement expenditures maximize our clients' expected investment returns. Through years of experience in executing these plans, our construction and property management teams work in concert to ensure that the strategy can be employed seamlessly, on time, within budget and with minimal resident disruption. These combined strategies historically have driven measurable revenue increases which help to maximize sales prices upon exit.
- **Focused Customer Service.** We work with our management affiliate, Concierge Management Services, to provide a concierge or helpful provider of services, amenities, and conveniences that improve residents' quality of life. This time-tested focus on meeting resident needs, together with the application of signature property management techniques, helps drive higher resident retention, rental collections, and operating efficiencies.

Concierge Management Services also demonstrates its commitment to cost-effective environmental best practices through its Concierge Conserves program. This branded

strategy raises awareness of the problem of water and energy consumption and works with residents to lower water and energy costs. As part of the program, properties in which our clients invest will be registered with the Energy Star program, and will receive a customized package of utility conservation and sustainability improvements designed to meet defined return on investment criteria. Concierge Conserves fosters better property revenue and expense performance and diminishes the risk of property obsolescence.

- **Deliver Superior Risk Adjusted Returns with Both Joint-Ventures and Direct Investments with a Single Promote Structure.** We believe that a combination of direct investments and joint-ventures allow our clients maximum flexibility as they source and close superior investment opportunities. Direct investments will provide our clients with a single promote investment structure while at the same time retaining the strength of an institutional grade fiduciary and world-class apartment operator in Crossbeam Holdings. Moreover, the financial advantage of discretionary investments also will contribute to our clients' ability to execute in today's competitive multi-family acquisitions environment. The efficiency of this structure will seek to maximize purchasing power of our clients to compete for the best opportunities without sacrificing investment yield.

Material Risks

Investments in real estate and related investment products involve economic and business risks inherent to the asset class. Such investments involve a risk of loss that our clients and investors should be prepared to bear. These risks include:

Direction of Real Estate Market is Unknown

The U.S. real estate market, along with the broader economy, is in the midst of a severe recession. As foreclosures increase and sellers attempt to dispose of properties to avoid foreclosures, we anticipate that the current environment will provide our clients with opportunities to acquire investments on favorable terms and prices. However, there can be no guarantee that the elements that determine real estate values, such as tenant creditworthiness and the demand for real estate, will not further soften, and the real estate market thus may suffer further declines. Such a scenario could result in our clients acquiring investments that lose value.

No Assurance of Investment Return

No assurance can be given that our clients will be able to generate returns for their investors or that the returns, if any, will be commensurate with the risks of investing in the type of investments made. Investments made by our clients are subject to a wide range of significant risks that could cause such investments to lose value. The investments made by our clients are speculative in nature and the possibility of partial or total loss of capital will exist.

Concentration of Investment in Multi-Family Residential Properties

The investments will consist primarily of equity interests in and loans to multi-family residential development projects. Such concentration may increase the volatility of our client's

returns and may also expose our clients to the risk of economic downturns in this sector to a greater extent than if its portfolio also included other property types.

Focus on Underserved and Emerging Housing Markets

We intend to pursue investments primarily in emerging urban infill housing markets in an effort to address the severe housing shortage for middle-income households in major urban areas. By their nature, these investments will involve a high degree of financial risk. Changes in local and regional socioeconomic conditions, including employment, transportation, schools, immigration and crime, could have significant positive or negative effects on the value of the investments and the operation of properties. Even if the investments are successful, there can be no assurance that such projects will trigger further development in or create a measurable economic impact on the neighborhoods where they are located.

General Real Estate Risks

The investments (whether in debt or equity) will be subject to the risks incident to the ownership and operation of real estate, including risks associated with the general economic climate, local real estate conditions (including the availability of excess supply of properties relative to demand), changes in the availability of debt financing, credit risk arising from the financial condition of tenants, buyers, and sellers of properties, geographic or market concentration, competition from other space, our ability and the ability of our affiliates to manage investments, government regulations (such as changes in regulations governing land usage, improvements, zoning, and environmental issues), liability arising out of the presence of certain construction materials, uninsurable losses, and fluctuations in interest rates.

Real Estate Acquisition and Development

Any acquisition of real estate entails the risk that the investment will fail to perform in accordance with expectations, including operating and property management expectations. Redevelopment and new project development are subject to more numerous risks, including, construction delays; cost overruns or force majeure that may increase project costs; new project commencement risks, such as the receipt of zoning, occupancy and other required governmental approvals and permits; and the incurrence of development costs in connection with projects that are not pursued to completion. It is anticipated that some acquisitions, redevelopments and developments will be financed using the proceeds of lines of credit or other forms of temporary secured or unsecured financing that will have less advantageous terms than permanent debt financing. Use of these forms of financing will result in a risk that permanent financing for these projects might not be available or would be available only on disadvantageous terms. If permanent debt financing is not available on acceptable terms to refinance investments undertaken without permanent financing, further acquisitions may be curtailed and cash flows may be adversely affected.

General Debt Financing Risks

Our investments will employ leverage and may enter into hedging agreements related to their debt. Use of leverage will subject the investments to risks normally associated with debt financing, including the risk that cash flows will be insufficient to meet required payments of

principal and interest, the risk that the value of collateral may decrease, forcing us to dispose of investments at inopportune times to reduce leverage and maintain compliance, the risk that indebtedness on the investments will not be able to be refinanced, or that the terms of such refinancing will not be as favorable as the terms of the existing indebtedness.

Dependence on Development Partners

We expect to rely on the expertise of a select group of national, regional and local developers to help identify, evaluate, underwrite, develop, operate, manage and dispose of investments. The selection of a developer is inherently based on subjective criteria with the result that the true performance and abilities of a particular developer will be difficult to assess. This reliance on third parties to develop, manage or operate investments poses significant risks. For example, a developer may suffer a business failure or become bankrupt or may engage in activities that compete with investments of our clients. These and other problems, including a deterioration of the business relationship between us and the developer, could have a material adverse effect on the investments managed by such third party. The larger the investment that any of our clients makes with any particular developer, the more significant these risks become.

Non-Controlling Investments, Investments in Joint Ventures and Co-Investment with Third Parties

In limited circumstances, our clients may hold a non-controlling interest in certain investments and, therefore, may have a limited ability to protect their positions in such investments, although as a condition of investing in an investment, we expect that appropriate rights generally will be sought to protect our clients' interests. In such cases, our clients will typically be significantly reliant on the existing management, boards of directors and other shareholders of such companies, who may not be affiliated with us and whose interests may conflict with the interests of our clients. Our clients may co-invest with third parties through joint ventures or other entities to acquire, develop or improve properties. Such co-investments may involve risks not present in investments where a third party is not involved, including the possibility that a co-venturer or partner of our clients may at any time have economic or business interests or goals that are inconsistent with those of our clients, or may be in a position to take action contrary to our clients' investment objectives. In addition, such investments may involve risks not otherwise present with other methods of investment in real estate, including, for example, the possibility that a co-venture partner in an Investment might become bankrupt

Summary Only

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

Item 9 – Disciplinary Information

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

Item 10 – Other Financial Industry Activities and Affiliations

Pooled Investment Vehicle Relationships

Affiliates of Crossbeam Capital serve as general partners of the following pooled investment vehicles. These pooled investment vehicles are clients to which we provide investment advisory and management services. Investors are, or have been in the past, solicited to invest in these pooled investment vehicles.

- Workforce Housing Fund I – 2007, LP
- Crossbeam Apartment Fund II– 2012, LP

We do not believe that any of the foregoing relationships create material conflicts of interest with our clients.

Relationships with NYLI and NYLIC

Crossbeam Capital was founded by two of our principals, Msrs. Devaney and Blash, with a substantial lead investment in our first pooled investment vehicle by New York Life Insurance Company (“NYLIC”), a leading insurance and diversified financial institution. At that time New York Life Investment Management LLC (“NYLI”) provided us with an operating line of credit, which is still in place. NYLIC has also committed to make a substantial investment in our second pooled investment vehicle. As a result of these relationships, NYLIC and NYLI have significant rights with respect to us that the other investors in our pooled investment vehicles do not have, including the following:

- NYLI has a 45% non-voting interest in the general partner of our first pooled investment vehicle and a 20% non-voting interest in the general partner of our second pooled investment vehicle; which means that it shares in the performance-based fees we receive from those vehicles;
- NYLI has a contractual right to invest in the general partners of our future pooled investment vehicles, and to receive performance-based fees from those vehicles;
- NYLI has the right to designate non-voting representatives to our investment committees for each of our two existing vehicles;
- To the extent investment opportunities exceed the investment restrictions of our second investment vehicle, certain large investors in that vehicle will be offered the right to co-invest with the vehicle, and this right will be offered first to NYLIC, and thereafter on a rotating basis.

Although these relationships with NYLI or NYLIC could give rise to a conflict of interest under certain circumstances because of NYLI’s and NYLIC’s extensive relationships and affiliations outside of their relationships with us, we will make appropriate disclosures and take appropriate actions in accordance with the private placement memoranda and constituent documents of our pooled investment vehicles and separate account client entities to mitigate the risk that a conflict occurs.

Relationships with Maxwell B. Drever

From time to time, Maxwell B. Drever, a 33.33% equity owner of our parent, Crossbeam Holdings, causes pooled investment vehicles of which affiliates of his act as general partner, to invest in our pooled investment vehicles or together with our separate account clients in specific investments. The terms of these investments are identical to the terms offered to other of our clients, and we do not believe that any of these investments create material conflicts of interest with our clients

Transactions with other Affiliates

Our parent, Crossbeam Holdings, together with its subsidiaries, is a vertically-integrated apartment investment advisor, with acquisition, renovation, development, and redevelopment capabilities, managing apartment investments nationwide. A large part of our investment strategy entails the acquisition of residential multi-family rental communities where there is an opportunity to add value through the multidisciplinary operating platform of Crossbeam Holdings. As a result, we will regularly retain our affiliates for necessary services relating to the investments held by our pooled investment vehicles and separate account client entities, including but not limited to development, construction, property management and property management services. When our affiliates provide these services, they will receive compensation at competitive market rates, and the use of these services will comply with the requirements of the applicable pooled investment vehicle or separate account client entity, such as disclosure to its investment committee, as disclosed in the applicable private placement memorandum and constituent documents.

While the possibility for conflict of interest exists in these situations, disclosure of these relationships and the protections contained in the applicable memoranda and constituent documents will minimize any actual conflict. In addition, our interests and the interests of the investors in our pooled investment vehicles and separate account client entities will be substantially aligned in that we are using our vertical integration to obtain investment results for the investors in our pooled investment vehicles and separate account client entities, and they may be choosing to invest in these vehicles for this same reason.

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

Code of Ethics Summary

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

pooled investment vehicles with a copy of our code of ethics upon request delivered in writing to:

Crossbeam Capital, LLC
7902 Norfolk Avenue, Suite 501
Bethesda, Maryland 20814
Attn: Michael Carroll
Phone: 240-223-0821

Recommendations Regarding Securities

From time to time, Crossbeam Capital or one of its affiliates acquires control of a real estate investment in order to convey that investment to one of Crossbeam Capital's pooled investment vehicles or separate account client entities. Although this could give rise to a conflict of interest under certain circumstances, we will make appropriate disclosures and take appropriate actions in accordance with the private placement memoranda and constituent documents of our pooled investment vehicles to mitigate the risk that a conflict occurs, including the approval of the applicable advisory committee with respect to pooled investment vehicles or separate account client in all other cases. Except for these situations and our recommendation that potential investors invest in pooled investment vehicles sponsored by Crossbeam Capital, neither Crossbeam Capital, nor any employee or affiliate of Crossbeam Capital, recommends to clients or potential clients securities in which Crossbeam Capital or an employee or affiliate has a material financial interest.

Co-Investment

Crossbeam Capital, affiliates of Crossbeam Capital, affiliates of Maxwell B. Drever as described above, and employees of Crossbeam Capital, may invest in certain of the pooled investment vehicles sponsored by Crossbeam Capital or together with separate account clients in specific investments. We have granted similar rights to particular key investors in our pooled investment vehicles. In particular, our principal owners and NYLI own substantial portions of the equity in the general partners of our two existing pooled investment vehicles. Although such co-investment could give rise to a conflict of interest under certain circumstances, Crossbeam Capital believes that any such co-investment is more likely to serve to further align the interests of Crossbeam Capital and its affiliates and employees with those of Crossbeam Capital's clients rather than create any conflict of interest. Appropriate disclosures will be made and actions taken, in the event of any co-investment to mitigate the risk that a conflict occur.

In addition, any purchase or sale of any real estate on behalf of the firm's clients or the pooled investment vehicles must be approved by Crossbeam Capital's investment committee. This requirement minimizes the risk that a decision would be made based on any criteria other than the client's best interests.

When investment opportunities arise that may be allocated to different pooled investment vehicles or separate account clients, they are allocated in accordance with the exclusivity provisions of its those pooled investment accounts or separate account clients, as co-investments between them, or to the pooled investment account or separate account client whose investment

criteria is best satisfied by the potential transaction, having due regard, however, for concentration and other suitability risks.

When application of the above criteria does not lead to a definitive allocation (i.e., the proposed transaction meets the investment criteria of multiple clients), potential transactions will be allocated based on a rotation system; each client interested in the transaction will be ranked based on two criteria: length of time elapsed from last allocation, and aggregate dollar amount allocated year-to-date. The most appropriate client on balance, after consideration to these factors, will be allocated the transaction. Exceptions to the rotation system may be made if the rotation system is superseded by any agreement among multiple clients that provides for how transactions are to be allocated among them.

Item 12 – Brokerage Practices

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

Item 13 – Review of Accounts

Periodic Review of Client Account

Crossbeam Capital's portfolio managers are responsible for periodically reviewing each pooled investment vehicle and separate account clients in order to evaluate and confirm compliance with the terms of the investment guidelines and investment advisor agreements applicable to such pooled investment vehicle and account. This review generally occurs quarterly. This review may occur more frequently when significant investment decisions are made related to a pooled investment vehicles or accounts.

Real estate investments held by pooled investment vehicles and separate account clients are also reviewed by Crossbeam Capital's investment committee on a periodic basis. For example, the investment committee will receive an information briefing regarding the business plan and the budget for each asset and portfolio at least on an annual basis. The financial statements of each of the firm's pooled investment vehicles and certain of the firm's separate account clients are reviewed on an annual basis by independent certified public accountants. Furthermore, real estate investments are appraised by independent real estate appraisers on a periodic basis, as established by the investment guidelines applicable to the pooled investment vehicle or account.

Crossbeam Capital has established a disciplined external and internal valuation and appraisal process focused on providing its clients with accurate valuations reflective of all current market and property factors. Each property held in the pooled investment vehicles is valued at least annually. With respect to separate account portfolios, the internal and external valuation frequency is dictated by the specific client's investment guidelines.

Special Reviews

In addition to the quarterly review of client accounts, we will review the condition of a particular client account when a significant investment decision is being made related to an account. For example, such a review will occur when a new real estate investment is being contemplated or an asset owned by the account is being sold. Such a review may also occur when it is time to renew or pay off any debt on an asset held by the account. Other significant events, such as a natural disaster that impacts the condition of the real estate asset, may also trigger such a review.

Client Reports

Investors in the pooled investment vehicles sponsored by Crossbeam Capital receive written quarterly status and investment activity reports, including unaudited financial statements. In addition, such investors receive, on an annual basis, copies of the audited financial statements, and face-to-face meetings as requested by such investors.

Crossbeam Capital's separate account clients receive written quarterly status and activity reports, including unaudited financial statements. In addition, Crossbeam Capital participates in face-to-face meetings with its clients as requested by such clients.

Item 14 – Client Referrals and Other Compensation

From time to time, Crossbeam Capital or our affiliates may pay a third party solicitor a fee or compensation for referral of a client to invest in a pooled investment vehicle or directly into a real estate investment. The solicitor will be required to provide prospective clients with a current copy of our Brochure and the solicitor's written disclosure statement. The solicitor's statement will disclose the particulars of the referral relationship and the compensation we will pay to the solicitor. We have no current arrangements with solicitors.

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

Item 15 – Custody

Because we serve as general partner of our pooled investment vehicles, we may be deemed to have "custody" of client funds and securities within the meaning of Rule 206(4)-2 under the Advisers Act. In accordance with that rule, we provide the investors in such pooled investment vehicles with audited financial statements that comply with generally accepted accounting practices (GAAP) within 120 days following the pooled investment vehicle's fiscal year-end.

Item 16 – Investment Discretion

The terms of the constituent documents of our pooled investment vehicles and the investment advisor agreements entered into between Crossbeam Capital and its separate account clients

grant Crossbeam Capital full discretion to make investments on behalf of the vehicles and accounts subject to investment guidelines that may be established by the clients and incorporated in the agreements. As a result, subject to such guidelines and established limits, Crossbeam Capital may determine what assets to purchase, when to sell the assets and how to manage the asset, including decisions related to capital improvements and leverage on the assets.

Item 17 – Voting Client Securities

Crossbeam Capital does not invest in publicly-traded securities on behalf of its clients. Therefore, we do not vote proxies on behalf of our clients.

Item 18 – Financial Information

Prepayment of Fees

Crossbeam Capital does not require that its clients prepay fees six months or more in advance.

Financial Condition

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

Bankruptcy

Crossbeam Capital has not been the subject of any bankruptcy petition since it commenced business in 2006.