



Investment Adviser Brochure

March 31, 2014

**Marcus Partners, Inc.
260 Franklin Street – 6th Floor
Boston, MA 02110
www.marcuspartners.com**

This brochure provides information about the qualifications and business practices of Marcus Partners, Inc. If you have any questions about the contents of this brochure, please contact Michael Norris, Chief Compliance Officer, at (617) 556-5200. 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 Marcus Partners, Inc. is also available on the SEC's website at www.advisorinfo.sec.gov.

Marcus Partners, Inc. is an SEC registered investment adviser. This registration does not imply a specific level of expertise, skill or training nor does it imply a recommendation by the SEC or by any state securities authority.

This cover page constitutes Item 1 to the Marcus Partners, Inc. Brochure on Form ADV, Part 2A.

Item 2. Material Changes

This document differs from the Form ADV Part II brochure that Marcus Partners, Inc. has prepared in the past. The following are material changes that have occurred since the firm's latest ADV was filed with the SEC in March 2013.

1. Fund I assets under management by the Firm have increased from \$114.76 million to \$144.43 million between December 31, 2012 and December 31, 2013.
2. The Firm will be the Investment Advisor for Marcus Capital Partners Fund II ("Fund II") and is currently in the process of raising capital for Fund II. Although expected to be larger than Fund I, Fund II will be similar to Fund I in strategy, geographic focus and desired property types. Fund II will be structured with parallel investment vehicles, one of which is expected to be a REIT structure. The first closing is anticipated to occur in late March 2014.

This page 2 constitutes Item 2 to the Marcus Partners, Inc. Brochure on Form ADV, Part 2A.

Item 3. Table of Contents

<u>Item</u>	<u>Page</u>
Item 1. Cover Page	1
Item 2. Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	5
Item 6. Performance Based Fees and Side-by-Side Investing	5
Item 7. Types of Clients	6
Item 8. Methods of Analysis, Investment Strategies & Risk of Loss	7
Item 9. Disciplinary Information	14
Item 10. Other Financial Industry Activities and Affiliations	14
Item 11. Code of Ethics	15
Item 12. Brokerage Practices	18
Item 13. Review of Accounts	18
Item 14. Client Referrals and Other Compensation	19
Item 15. Custody	19
Item 16. Investment Discretion	19
Item 17. Voting Client Securities	19
Item 18. Financial Information	20
Item 19. Appendix A	21

Item 4. Advisory Business

Marcus Partners, Inc. ("we," "us" or the "Firm") is a privately owned real estate, and real estate related, investment, development and investment management company, headquartered in Boston, Massachusetts that has been a registered investment advisor since March 28, 2012 (SEC registration number 801-74632). The Firm provides investment management services to a pooled investment vehicle ("Fund") that invests in real estate and real estate related assets. The Firm does not provide investment advisory services to clients apart from its management of the Fund and does not participate in any wrap fee programs.

The Firm was founded in March of 2008 by Paul R. Marcus, the sole shareholder, President and CEO of the Firm. Prior to the formation of the Firm, Mr. Marcus, in conjunction with a third party, sponsored real estate and real estate related investments. Most of these investments were property-specific syndicated investment vehicles and were capitalized by high net worth individuals and institutional joint venture partners over which Mr. Marcus and his former partner maintained management control. Certain of those entities constitute pooled investment vehicles that are co-managed by Mr. Marcus and his former partner. The co-managed entities are fully invested in real estate and real estate related assets. The Firm, on behalf of Paul Marcus, co-advises with the former partner, other ventures.

Since early 2009, the Firm had been providing investment management services to two closed end commingled real estate funds: Marcus Capital Partners Fund I, LP ("Fund I") and Marcus BP Investors II, LLC ("BP Fund"). The Firm was also the investment adviser to an investment partner that was a member of a venture that owned one commercial medical office property. These three pooled investment vehicles were formally referred to in aprior Investment Advisor Brochure ("Brochure") individually as a "Fund" and together as the "Funds." The Firm no longer is affiliated with BP Fund nor is it affiliated with the venture that previously owned the commercial medical office property referred to above. The brochure therefore has been provided solely for Fund I as of March 31, 2014. The Firm's primary responsibility is to identify, review and select investment opportunities that it believes will achieve the investment objectives of Fund I. The Firm also provides administrative services to Fund I.

The Firm has complete discretion over the investment of Fund I capital commitments subject to certain investment restrictions on the GP of Fund I. Although the Firm may invest anywhere in the United States, the current investment focus of the Firm is to acquire real estate and real estate related investments in major metropolitan markets on the east coast. For Fund I, the Firm seeks to acquire a diversified mix of value added and opportunistic real estate and real estate related investments, emphasizing office, medical office, warehouse, industrial, research and development and lab/life science investments. Leverage is employed in accordance with Fund I leverage restrictions.

The Firm will be the Investment Advisor for Marcus Capital Partners Fund II ("Fund II") and is currently in the process of raising capital for Fund II. Although expected to be larger than Fund I, Fund II will be similar to Fund I in strategy, geographic focus and desired property types. Fund II will be structured with parallel investment vehicles, one of which is expected to be a REIT structure.

Investment in real estate and real estate related investments have inherent risks. Please refer to Item 8 below, for a summary of the risks associated with an investment in real estate and real estate related investments.

As of December 31, 2013 the Firm managed a total of \$144.43 M of discretionary capital on behalf of Fund I.

Item 5. Fees and Compensation

The Firm receives asset management fees which are based on a percentage of capital commitments under management. These fees are billed monthly in arrears and are paid to the General Partner of Fund I. Investors do not pay the fees directly. The asset management fees paid by investors are not negotiable. Please refer to Item 19 Appendix A for the asset management fee structure of Fund I.

An affiliate of the Firm provides property management, leasing and construction management services to certain assets of Fund I and other third party owners and receives fees at market rates. All such payments to the Firm are disclosed in the audited financial statements.

Item 6. Performance Based Fees and Side-by-Side Investing

Carried Interests

In addition to asset management fees and expense reimbursements for the investment, management and disposition of real estate and real estate related investments within Fund I as noted above, the Firm will, directly or indirectly, receive performance based distributions ("Carried Interest") from Fund I if predetermined rates of return are met. Such performance based fees are incorporated into Fund I.

It should be noted that the existence of a Carried Interest has the potential to create an incentive to make more speculative investments on behalf of Fund I than it would otherwise make in the absence of such incentive. In addition, due to the method of calculating the Carried Interest, the distributions to the holder of the Carried Interest may be affected by the timing of dispositions and other factors within the control of the Firm. We believe that the foregoing conflicts will be mitigated to a substantial extent by: (i) the fact that affiliates of the Firm have a substantial cash investment in Fund I; and (ii) the fact that, before any Carried Interest will be paid, the investors must have received a return of their capital contributions plus a cumulative preferred return thereon.

Side-by-Side Investment

The Principals and senior management of the Firm, through a separate entity, have an interest in the capital profits, losses and distributions of Fund I. The Principals also invest in Fund I as limited partners either directly or through affiliated entities.

Expense Reimbursements

In addition to the investment management fees and Carried Interests paid to the Firm and its affiliates, Fund I incurs/incurred the following expenses which are/were subject to payment by the Funds:

1. ***Organizational Expenses.*** All organizational expenses of Fund I incurred by the general partner/managing member, or any affiliate.
2. ***Expenses Associated with Investments or Subsidiaries.*** Any expenses related to a specific investment by Fund I are charged to the applicable investment and paid directly by Fund I. Any expenses related to the formation or operation of a specific subsidiary shall be charged to the applicable subsidiary and paid directly by that subsidiary.
3. ***Operating Expenses.*** Fund I pays all expenses arising from, or in connection with, its management and operation and the management and operation of its real estate investments, including the following: (i) fees and expenses of attorneys, engineers, appraisers, architects and other service providers, including all transaction investigation costs and due diligence costs (regardless of whether the transaction closes); (ii) legal, audit, tax preparation and third party accounting fees and costs; (iii) out of pocket expenses related to the administration of Fund I, including record keeping, investor relations and investor mailing and communication costs; and (iv) travel, lodging, meals, communications, courier, telephone, mail, printing and copying expenses related to Fund I's proposed and actual Investments.

Item 7. Types of Clients

The Firm provides portfolio management services to Fund I and to other pooled investment vehicles co-advised by the Firm and a former partner of Paul Marcus. Investors in Fund I and the co-advised pooled investment vehicles include high net worth individuals, family offices, trusts and institutional investors. The minimum investment requirement in Funds managed by the Firm will vary depending on the Fund.

Item 8. Methods of Analysis, Investment Strategies & Risk of Loss

Methods of Analysis

In estimating the value of target acquisitions, three methods of analysis are normally considered prior to arriving at a determination of a target investment's reasonable acquisition price. These methods consider factors relative to the income producing potential of the investment opportunity, an analysis of probable market response to investment characteristics by comparison to sale transactions involving similar types of investment opportunities and, where appropriate, the replacement cost of the investment opportunity.

The Firm uses the discounted cash flow analysis method as the primary method of determining if an investment opportunity is likely to generate acceptable returns over a projected hold period. This analysis method focuses on several factors, such as the future income stream that the investment can provide, after adjustments based upon projected operating expenses, capital expenditures and third party financing terms, as well as other factors such as residual value assumptions and reasonable discount rates given the risk profile of the investment.

In addition to employing the discounted cash flow analysis method, the Firm also incorporates an analysis of the sale transactions involving similar types of investments. With the sales comparison method the investment opportunity is compared to recently sold, comparable investments. However, because no two investments are identical, the sales prices of the comparable investments must be adjusted for each of the differences between the subject investment and the comparable investment.

The final method of analysis employed, is a comparison of the investments replacement cost to the target acquisition price. While this element of the analysis is given less weight, it is deemed to be an appropriate factor to consider.

Investment Strategy

The Fund I investment strategy is to provide attractive risk adjusted returns to investors by investing in a well diversified portfolio of value added and opportunistic real estate and real estate related investments. It is anticipated that investments will be held for three to seven years; however, investments may be held for shorter or longer periods. The current investment focus of Fund I is to acquire real estate and real estate related assets in the approximately \$5 million to \$50 million range in major metropolitan markets on the east coast of the United States. The current product type focus of the Firm emphasizes office, medical office, warehouse/distribution, industrial, research and development and lab/life science investments. Leverage is employed in accordance with Fund I leverage restrictions.

The strategy noted above is meant to be general in nature and is not intended to be all inclusive.

Risks of Investing in Real Estate and Real Estate Related Investments

An investment in real estate and real estate related investments entails a high degree of risk and is suitable only for sophisticated investors who fully understand and are capable of bearing the risks of an illiquid investment. There can be no assurance that an investment in real estate and real estate related investments will achieve its investment objectives or that the investors will receive any return on, or the return of, their invested capital. An investment in real estate and real estate related investments involves certain risks and considerations which each investor should evaluate before making an investment directly or through a pooled investment vehicle.

The following is a brief description of certain factors which may be material to an investment in real estate and real estate related investments. Within these risk factors the Firm has chosen to include the terminology of "Fund" to mean Fund I, and any other limited partnership or limited liability company sponsored by the Firm, "GP" to mean general partner or managing member of

a Fund, and “Investor” to mean a limited partner or a limited liability company member in a Fund.

1. ***Management of a Fund/Investment.*** Investors in a Fund have no rights or powers to take part in the management of a Fund and will not receive most of the detailed property information that is available to the GP. Accordingly, an Investor must be willing to entrust all aspects of the management of a Fund and its properties to the GP and the Firm.
2. ***Investment Discretion.*** Subject to certain limitations that may be contained in the Fund agreements, the GP will be solely responsible for the management, control and investment strategy of the Fund. As investment manager, the Firm will have the sole discretion to select investments for Fund I subject to the investment limitations of Fund I. Consequently, Investors in Fund I and prospective Investors in future Funds will not be able to evaluate for themselves the merits of particular investments prior to or after the Investor's subscription for an interest in a Fund.
3. ***Recent Market Conditions.*** Volatility in the real estate and credit markets has made the valuation of real estate and real estate related investments more difficult. Because there is a significant uncertainty in the valuation of, or in the stability of the value of, certain possible investments, fair values of such investments, as reflected in a Fund's results of operations, may not reflect the prices that a Fund would obtain if such investments were actually sold.
4. ***Future Investments Unspecified.*** Within a Fund, Investors rely on the Firm's ability with respect to the investments to be made using Fund capital. Unspecified transactions also create uncertainty and risks because there can be no assurance that a Fund will be able to locate and acquire assets meeting Fund investment objectives. Competition for desirable assets may also result in a Fund acquiring assets on less favorable terms than expected. Because such investments may occur over time, a Fund faces the risks of changes in interest rates and adverse changes in other market conditions.
5. ***Inability to Identify Appropriate Real Estate and Real Estate Related Investments within the Fund's Criteria.*** There is no assurance that the Firm will be able to identify real estate and real estate related investments that meet a Fund's investment criteria, that a Fund will be successful in completing any investment it identifies, or that any investment a Fund completes will produce a return on its investment.
6. ***Risks of Real Estate and Real Estate Related Investment Ownership.*** There is no assurance that the operations of a Fund will be profitable or that cash from operations will be available for distribution to Investors. Because real estate and real estate related investments, like many other types of long-term investments, historically have experienced significant fluctuations and cycles in value, specific market conditions may result in occasional or permanent reductions in the value

of real property interests. The marketability and value of a Fund's investments will depend on many factors beyond the control of the GP and the Firm, including, without limitation:

- changes in general or local economic conditions;
- changes in supply of or demand for competing investments in an area (e.g., as a result of over-building);
- changes in interest rates;
- the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and occupational safety;
- condemnation or other taking of an investment by the government;
- unavailability of loan funds and/or an increase in the cost of debt;
- unexpected environmental conditions;
- the financial condition of tenants, ground lessees, ground lessors, buyers and sellers of properties;
- changes in real estate tax rates, other excise tax rates, and any other operating expenses;
- the imposition of rent controls;
- energy and supply shortages and resulting increases in operating costs or the cost of materials and construction;
- various uninsured or uninsurable risks (such as losses from terrorist acts), including risks for which insurance is unavailable at reasonable rates or with reasonable deductibles;
- acts of God, natural disasters and underinsured and uninsurable losses; and
- volatility of the capital markets.

Because investments in real estate and real estate related investments generally are not liquid, there is no assurance that there will be a ready market for the interests in real property (debt, equity or other) held by a Fund. In addition, general economic conditions in the United States and abroad, as well as conditions of domestic and international financial markets, may adversely affect operations of the Fund.

7. ***Due Diligence and Analytic Risks.*** There is generally, limited publicly available information about real estate and real estate related investments, and a Fund must therefore rely on due diligence conducted by the Firm. Should the Firm's pre-acquisition evaluation of the physical condition of a new investment fail to detect certain defects or necessary repairs, the total investment cost could be significantly higher than expected. Furthermore, should the Firm's estimates of the costs of improving, repositioning or redeveloping an acquired property prove too low, or its estimates of the time required to achieve occupancy, future rents or residual values prove too optimistic, the profitability of the investment may be adversely affected.
8. ***Risks of Engaging in Development Activities.*** A Fund may, subject to limitations, directly or indirectly invest in properties that are under development.

Such investments will be subject to various risks including, without limitation, the risk that there may be unanticipated delays in the completion of such development projects due to factors beyond the control of the Fund, and cost over-runs. These factors may include: material and labor shortages and strikes; increases in the costs of labor and materials; rising energy costs; adverse weather; earthquakes and other "force majeure" events; and zoning, entitlement and regulatory concerns, including changes in laws and regulations.

9. ***Origination and Purchase of Loans.*** As part of the investment strategy, a Fund may originate and acquire uninsured and non-investment grade loans, including interim first mortgage loans and mezzanine loans. While holding these interests, a Fund is subject to risks of borrower defaults, bankruptcies, fraud and special hazard losses that are not covered by standard hazard insurance. Also, the costs of financing the loans could exceed the return on the loans. In the event of any default under such loans, a Fund will bear the risk of loss of principal and non-payment of interest and fees to the extent of any deficiency between the value of the collateral and the principal amount of the loan and may incur substantial foreclosure expenses.
10. ***Competition for Real Property Interests.*** A Fund may encounter competition for investments from numerous other real estate investment partnerships, limited liability companies and trusts, as well as from individuals, corporations, REITs, bank and insurance company investment accounts, foreign investors and other entities engaged in real estate investment activities. Competition for investments may have the effect of increasing costs, thereby reducing investment returns to a Fund.
11. ***Single Investment Concentration.*** If a Fund's investments are concentrated in a limited number of assets or markets, the overall negative impact on a Fund of adverse movements in the value of a single property (including as a result of market conditions in which such property is located such as an economic downturn or one or more natural disasters) will be considerably greater than if a Fund were more broadly diversified.
12. ***Geographic Investment Concentration.*** Although a Fund may generally invest anywhere in the United States, to the extent that a Fund's investments are concentrated in a particular real estate market or geographic region, economic and real estate conditions in those real estate markets or geographic regions could significantly affect a Fund's performance.
13. ***Investment in Troubled Assets.*** A Fund may make investments in nonperforming or other troubled assets that involve a degree of financial risk and there can be no assurance that a Fund's return objectives will be realized or that there will be any return of capital. Furthermore, investments in properties operating in workout modes or under Chapter 11 of the United States' Bankruptcy Code may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of a Fund's original investment, including equitable subordination and/or

disallowance of claims or lender liability. In addition, under certain circumstances, payments to a Fund and distributions by such Fund to its Investors may be reclaimed (i) if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment under applicable law or (ii) if a Fund lacks the resources to pay its indemnification obligations to the GP and its affiliates.

14. ***Leverage of Investments.*** Each Fund is expected to utilize leverage directly and indirectly. The use of leverage will increase the volatility of a Fund. While the use of borrowed funds will increase returns if the Fund earns a greater return on the incremental investment purchased with borrowed funds than it pays for such funds, the use of leverage will decrease returns if a Fund fails to earn as much on such incremental investment as it pays for such funds. The effect of leverage may therefore result in a greater decrease in the net asset value of the Fund than if the Fund were not so leveraged. The amount a Fund has to pay on variable rate debt will increase as interest rates increase, and these additional payments may decrease cash available for distribution to Investors. There is no assurance that a Fund will be able to meet its debt service obligations. If a Fund violates covenants in any debt agreements, it could be required to repay all or a portion of its indebtedness before maturity at a time when the Fund might be unable to arrange financing for such repayment on commercially reasonable terms, if at all. If a Fund does not meet its debt service or other loan obligations, the Fund risks the loss of some or all of its assets to foreclosure.
15. ***Tenant Default and Bankruptcy.*** A tenant's default in performing its lease obligations or the tenant's bankruptcy, could adversely affect cash flow from a real estate or real estate related investment and cause the subject Fund to incur legal fees and other costs that would not likely be recouped. An early termination of a lease by a financially distressed or bankrupt tenant would result in unanticipated expenses to re-let the premises.
16. ***Non Renewal of Leases.*** A Funds' real estate and real estate related investments will be subject to the risk that, upon expiration, leases for space may not be renewed, the space may not be re-leased, or the terms of renewal or re-letting, including the cost of required renovations or concessions, may be less favorable than current lease terms. In the event of any of these circumstances, cash flow from the Fund's real estate and real estate related investments and, therefore, the value of an investment in the Fund could be adversely affected. These risks may be particularly acute for single tenant properties.
17. ***Third-Party Involvement.*** If allowed in Fund documents, a Fund may co-invest through joint ventures with third parties. Such investments may involve risks not present in direct property investments, including, for example, the possibility that a co-venturer of the Fund might become financially distressed or bankrupt, or may at any time have economic or business interests or goals that are inconsistent with those of a Fund, or that such co-venturers may be in a position to take action contrary to the Fund's objectives. In addition, a Fund may be liable for actions or

omissions of its co-venturers. A Fund's co-venturers will have certain rights with respect to a joint venture's investments and, therefore, a Fund's ability to protect its position and make decisions with respect to investments may be limited by the rights of its co-venturers.

18. ***Illiquidity of Investments.*** The investments to be made by a Fund are likely to be illiquid. Dispositions of such investments also may be subject to limitations on transfer or other restrictions that would interfere with the subsequent sale of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In addition, a Fund may invest in securities of privately held companies for which there is no public market. A Fund will generally not be able to sell these securities unless such securities are registered under applicable securities laws or unless an exemption from such registration requirements is available. In some cases, a Fund may be prohibited by contract from selling securities for a period of time. There is also the risk that a Fund will be unable to dispose of such securities at attractive prices or otherwise execute a successful exit strategy.
19. ***Illiquidity of Securities that May Be Obtained by a Fund or Distributed to its Investors.*** Generally, no Fund intends to make in-kind distributions. In the course of its operations or upon the disposition of any investment, a Fund may receive securities that are illiquid or have other restrictions on transferability. A Fund may be unable to dispose of such securities at attractive prices or at all. In addition, if a Fund makes distributions of such securities to its Investors, the Investors may be unable to dispose of such securities at attractive prices or at all (e.g., if a public market for such securities is unavailable at the time of the desired disposition or if there are restrictions on the disposition of such securities (even if such securities are otherwise traded on a public market)).
20. ***Failure to Make Capital Contributions.*** If any Investors in a Fund fail to make required capital contributions when due, a Fund's ability to (i) close on a proposed investment, (ii) maintain existing investments that require additional cash, (iii) complete a Fund's investment program, or (iv) otherwise continue operations, may be substantially impaired. A default by a substantial number of Investors could leave a Fund with less than the minimum capital commitment and would limit opportunities for investment diversification and likely reduce returns to a Fund.
21. ***Sponsor's Financial Strength.*** Each Fund will be dependent on the resources made available by the Firm and its affiliates to select investments and conduct its operations. Adverse developments in the financial condition of the Firm and/or its affiliates could hinder the successful management of Fund operations and investments. If such adverse developments affected the level of services that a Fund could obtain from the Firm and its affiliates, the Fund operations and financial performance could suffer as well, which would limit a Fund's ability to make distributions and decrease the value of the Fund's portfolio.

22. ***Payment of Fees and Expenses.*** Identifying attractive investment opportunities and performing due diligence with respect to prospective investments will require significant expenditures, which will be borne by a Fund considering the investment, whether or not the investment is acquired. In addition, acquiring investments may require a Fund to participate in auctions or other forms of competitive bids, which are also expected to require significant expenditures, including expenses relating to legal fees, fees of third party advisors, and other costs. Moreover, even after investments are made, the returns may not be realized by the Investors for a period of several years. Regardless of these factors, the Investors will be required to contribute to management fees.

Furthermore, the Firm and its affiliates may perform services for a Fund in connection with the selection and acquisition of investments and the management of its assets. They will be reimbursed for out-of-pocket expenses and may be paid property management, construction management and leasing fees for these services, which are in addition to the investment management fee paid to the Firm. Payment of fees will result in immediate dilution to the value of an Investor's investment and will reduce the amount of cash available for investments. Payment of fees increases the risk that the amount available for distribution to Investors upon a liquidation of a Fund's portfolio would be less than the Investor's capital contributions.

23. ***Reliance on the Principal and Key Employees.*** The success of a Fund is substantially dependent on the members of the Firm's management team including Paul R. Marcus. The senior management of the Firm generally possesses institutional knowledge about a Fund or the real estate industry generally, has significant expertise in their fields and possesses leadership skills that, we believe, are important to the Fund's performance and therefore are our key employees. The loss of Paul R. Marcus or any of the key employees of the Firm could adversely affect a Fund's ability to execute its strategy. Moreover, no member of the management team of the Firm is required to exclusively dedicate or devote his or her full business time or efforts to any Fund.

24. ***Term of Fund.*** A Fund may make investments that may not be advantageously disposed of prior to the date that a Fund is scheduled to be dissolved, which, in the case of Fund I, is seven years after the initial closing of the Fund. Although the Firm expects that investments will be disposed of prior to such time, the GP has a limited ability to extend the term of a Fund. Such investments, as a result of dissolution of a Fund, may have to be sold, distributed or otherwise disposed of at a disadvantageous time, and a Fund may be unable to sell an investment for the price, on the terms or in the time frame it desires, particularly if adverse market conditions develop near the end of a Fund's scheduled term. Such inability to dispose of investments could reduce a Fund's anticipated cash flow and cause a Fund's performance to suffer.

Conflicts of Interest.

An investment in a Fund involves a number of inherent or potential conflicts of interest. Among other things, Investors should note that the Firm is an affiliate of the GP and its affiliates may receive Carried Interest payments based upon the performance of the Funds.

The Firm or its affiliates may make investments in co-venturers or in the operating companies of co-venturers. In such an event, the Firm or its owner or other management personnel would own an interest in an investment at the property level and the operating partner level, which may create conflicts of interest.

The principal and officers of the Firm also provide services to other businesses and investments. Those persons may devote significant time in the future to the management of their other existing investments and professional activities. No Firm personnel will devote substantially all of their business activities to any Fund.

No restrictions are placed upon the Firm or its affiliates with respect to existing real estate and real estate related investments or non-real estate investments that are not owned by a Fund. During a Fund's investment period neither the Firm nor its affiliates will purchase property that meets the Fund's investment criteria without first presenting the investment opportunity to the Fund.

Item 9. Disciplinary Information

As of the date of this Brochure, neither Marcus Partners, Inc. nor any of its management persons or owner, is or has been involved in any disciplinary action that would be material to an Investor in evaluating the Firm or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

Marcus Partners, Inc. is a member of several real estate related industry groups. Through our affiliation with these organizations we are able to gain a better understanding of trends and the issues that face the real estate investment industry.

Neither the Firm nor any of its management persons is registered or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer, or as a future commission agent, commodities pool operator, commodities trading adviser, or an associated person of any of the foregoing.

As noted above, the Firm co-manages certain partnerships and joint ventures with The Davis Companies, a Boston, MA based registered investment adviser. Paul R. Marcus, Principal, President and CEO of the Firm, has an economic and management interest in such partnerships and joint ventures, but is not an affiliate of The Davis Companies.

Item 11. Code of Ethics

We follow a Code of Ethics ("Code") that is designed to comply with SEC Rule 204A-1. A copy of our Code is available to current and prospective Investors upon request.

The Code establishes rules of conduct designed to, among other things, govern personal securities trading activities in the accounts of Access Persons (as defined in the Code). In addition, the Code includes safeguards designed to avoid conflicts of interests that could adversely affect our clients. In addition to requiring compliance with the applicable securities laws, our Code establishes policies and procedures designed to prevent the misuse of material, non public information (including information regarding the Funds and Investors), and identifies activities that are either expressly prohibited or that require Chief Compliance Officer approval. Matters that could give rise to an appearance of impropriety, such as most business gift giving and receiving, and political contribution payments and solicitation also require prior review and/or approval by our Chief Compliance Officer. The Code applies generally to all Firm personnel.

The Code is based upon the principle that the Firm and its personnel owe a fiduciary duty to our clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of those of our clients, (ii) taking inappropriate advantage of their position or relationship with the Firm, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The Code is designed to ensure that high ethical standards continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct.

Marcus Partners, Inc., and its personnel are subject to the following specific fiduciary obligations when dealing with the Funds and their Investors:

- The duty to have a reasonable, independent basis for the investment advice provided;
- The duty to seek best execution for a client's transactions where the Firm is in a position to direct brokerage transactions for the client;
- The duty to ensure that investment advice is suitable to meeting the client's objectives, needs and circumstances; and
- A duty of loyalty.

The Firm conducts its business honestly and ethically. The Firm constantly strives to improve the quality of services, operations and reputation for honesty, fairness, respect, responsibility, integrity, trust and consistent employment of best business practices. No illegal or unethical conduct on the part of officers, employees or affiliates is in the Firm's best interest. The ethical performance of the Firm is the sum of the ethics of the people that work for the Firm. Thus, everyone employed by the Firm is expected to adhere to high standards of professionalism and personal integrity.

The basic principles discussed in the Firm's Code of Ethics are as follows:

1. *Securities Investments*

We have adopted the following principles governing personal investment activities by Marcus Partners, Inc. principal and personnel:

- The interests of client accounts will at all times be placed first;
- All personal securities transactions will be conducted in such manner as to address any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; and
- Access Persons must not take inappropriate advantage of their positions.

Purchases and sales of publicly traded securities of real estate companies, purchases of securities in initial public offerings and purchases of securities in limited offerings (private placements) by our Access Persons and certain of their family members require pre-approval by our Chief Compliance Officer.

2. *Compliance with Laws, Rules and Regulations*

Obeying the law, both in letter and in spirit, is the guiding principle on which this Firm's ethical standards are built. All officers and employees are expected to obey the laws, rules, and regulations of the cities, states, and country in which we operate. Although officers and employees are not expected to know the details of each of these laws, rules and regulations, they have been advised to seek advice from managers or outside counsel when considered appropriate.

3. *Conflicts of Interest*

A conflict of interest is considered to exist when a person's private interest interferes in any way, or even appears to interfere, with the interests of the Firm or its clients. A conflict situation can arise when an officer or employee initiates actions or has interests that may make it difficult to perform his or her Firm work objectively and effectively. Conflicts of interest may also arise when an officer or employee (or a member of their family) receives improper personal benefits as a result of their position in the Firm. Conflicts of interest are prohibited as a matter of Firm policy, except as approved by the Chief Compliance Officer.

No Marcus Partners, Inc. Access Person shall recommend any investment to a Fund without having disclosed to the GP of the Fund, his or her interest, if any, in such investment, including without limitation:

- Any direct or indirect beneficial ownership of any securities of a transaction party;
- Any contemplated transaction by such person in such investment;
- Any position with a transaction party or its affiliates; and
- Any present or proposed business relationship or transaction between such

transaction party or its affiliates and such person or any party in which such person has a significant interest.

4. *Insider Trading of Information*

All non-public information about the Firm, the Funds, Investors, and Fund investments is considered confidential information and is to be protected as such at all times by officers and employees of the Firm. To use non-public information for personal financial benefit or to "inform" others who might make an investment decision on the basis of this information is not only unethical, but also illegal.

5. *Corporate Opportunities*

Officers and employees are prohibited from taking opportunities that are discovered through the use of Firm property, information or position for themselves without the consent of the Chief Compliance Officer. No officer or employee may use Firm property, information or position for personal gain and no officer or employee may compete with the Firm directly or indirectly. Officers and employees shall at all times advance the Firm's interests when the opportunity to do so arises.

6. *Competition and Fair Dealing*

The Firm consistently seeks to outperform its competition both fairly and honestly through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each officer and employee is cautioned to respect the rights of, and deal fairly with, the Investors, tenants, brokers, suppliers, competitors and employees.

The purpose of business entertainment and gifts in a commercial setting is to create goodwill and sound working relationships, not to gain or provide an unfair advantage.

7. *Political Contributions*

Management persons are free to make personal political contributions as they see fit as long as they do so legally in accordance with applicable election laws, statutes and SEC regulations including, without limitation, Rule 206(4)-5 under the Investment Advisers Act.

8. *Record Keeping, Financial Controls and Disclosures*

The Firm requires honest, accurate and timely recording and reporting of information in order to make responsible business decisions.

All of the Firm's books, records, accounts and financial statements must be maintained in reasonable detail; must appropriately reflect the Firm's transactions; must be promptly disclosed in accordance with any applicable laws or regulations; and must conform both to applicable legal requirements and to the Firm's system of internal controls.

9. Confidentiality

Principals, officers and employees must maintain the confidentiality of proprietary information entrusted to them by the Firm or its investors, investment partners, tenants or vendors, except when disclosure is authorized in writing by the CCO or required by laws or regulations.

10. Whistleblower Policy

Employees are encouraged to talk to supervisors, managers or other appropriate personnel about observed behavior that they believe may be illegal or a violation of the code of ethics or Firm policy or when in doubt about the best course of action in a particular situation. It is the policy of the Firm not to allow retaliation for reports made in good faith by employees of misconduct by others.

Item 12. Brokerage Practices

The Firm invests in real estate and real estate related investments. These investments are acquired either directly from owners, most often through real estate brokers. The seller, as opposed to the buyer, of a real estate investment typically pays the brokerage commission on the transaction.

Item 13. Review of Accounts

Investor accounts are reviewed quarterly. The Firm keeps Fund books on the accrual basis of accounting for tax purposes, on a GAAP (fair value) basis for reporting purposes, and the cash basis for determining distributions to investors. Reporting is customized based on the needs of each client. The following is a summary of the various reports sent to Investors along with the frequency of reporting.

Quarterly Investor Statements. Within 45 days after the end of each calendar quarter, the GP provides the Investors with a quarterly investor statement that summarizes the account activity that occurred in the preceding calendar quarters. This statement shows the current value of the Investor's account based on fair values attributed to Fund investments and also reflects all cash flows into and from Investor accounts.

Annual Reporting. Within 90 days after the end of each calendar year, the GP causes Fund I to provide a report prepared by independent auditors containing: (i) a balance sheet, statements of operations, cash flows and Investors' equity, in conformance with GAAP (fair value) and accompanied by an auditor's report; (ii) a reasonably detailed statement of transactions that have closed since the most recent report; (iii) a statement of reimbursed amounts paid to the Firm or

its affiliates; and (iv) a valuation of the real estate and real estate related assets of the Fund that have been owned, directly or indirectly, by the Fund for at least one year.

Item 14. Client Referrals and Other Compensation

The Firm does not compensate any individual or organization for client referrals. The Firm also has not utilized a third party placement agent or broker dealer to solicit equity commitments from new investors. To the extent that the Firm retains the services of a third party placement agent or broker dealer when soliciting equity commitments from new investors in the future, such use will be in accordance with SEC rules and regulations.

Item 15. Custody

Given the nature of the Firm's investment activity in acquiring and managing real estate and real estate related investments, the Firm does not use a third party custodian for client assets. The Firm does, however, have custody of Fund cash in bank accounts. Bank accounts have controlled access limited to authorized signors.

In accordance with contract requirements, the Firm routinely provides Investor statements and Fund updates on a quarterly basis which disclose individual investor account activity, investment returns and detailed information regarding Fund investment activity.

Investors also receive audited financial statements that comply with U.S. generally accepted accounting principles (fair value basis) within 90 days following the Fund's fiscal year end.

The Firm urges investors to carefully review the audited financial statements.

Item 16. Investment Discretion

As noted above, the Firm invests Fund capital on a discretionary basis (Fund I). In the past, along with an affiliate, the Managing Principal, President and CEO of Marcus Partners, Inc., Paul R. Marcus, completed multiple transactions involving single asset investments that were privately syndicated to high net worth and/or institutional investors.

Item 17. Voting Client Securities

Marcus Partners, Inc., in its capacity as the parent of the GP of Fund I, will vote proxies in accordance with policies and procedures which are designed to ensure compliance with Rule 206(4)-6 of the Investment Advisers Act. In this regard, proxies will be voted on behalf of a Fund based on a determination of the best interest of a Fund, consistent with the objective of maximizing long term investment returns for the Investors. Where a Fund has made an investment in equity interests or debt instruments secured by mortgages on properties with a view towards acquiring the underlying properties, we will vote proxies to facilitate such transaction taking into account the investment goals and objectives of a Fund. No Investor may direct the voting of proxies on any particular matter. Investors may obtain information on how proxies have been voted upon written request addressed to us at our office.

Copies of our Proxy Voting Policy will be available upon request.

Item 18. Financial Information

We are not aware of any financial condition of Marcus Partners, Inc. that impairs our ability to meet contractual and fiduciary commitments to the Funds or their Investors.

Item 19. Appendix A

The following is a summary of the asset management fees of Fund I:

Breakpoint	Asset Management Fee
25% < Capital Commitments invested	1.00% of aggregate Capital Commitments
25% to 50% Capital Commitments invested	1.25% of aggregate Capital Commitments
>50% Capital Commitments invested	1.50% of aggregate Capital Commitments
Subsequent to completion of the Fund I Commitment Period	1.50% of net invested equity subject to a minimum fee of \$50,000 per year through final liquidation and dissolution of Fund I

The following is a summary of the asset management fees of Fund II:

Breakpoint	Asset Management Fee
25% < Capital Commitments invested	1.00% of aggregate Capital Commitments
25% to 50% Capital Commitments invested	1.25% of aggregate Capital Commitments
>50% Capital Commitments invested	1.50% of aggregate Capital Commitments
Subsequent to completion of the Fund II Commitment Period	1.50% of net invested equity subject to a minimum fee of \$50,000 per year through final liquidation and dissolution of Fund II