

Part 2A of Form ADV: Firm Brochure

**Pearlmark Investment Advisers, L.L.C.
200 West Madison Street, Suite 3200
Chicago, IL 60606
(312) 499-1900**

March 14, 2014

This brochure provides information about the qualifications and business practices of Pearlmark Investment Advisers, L.L.C. ("**Pearlmark**"). If you have any questions about the contents of this brochure, please contact us at dlyons@pearlmarkrealestate.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

Additional information about Pearlmark is also available on the SEC's website at www.adviserinfo.sec.gov. Pearlmark is an SEC registered investment advisor. An investment advisor's registration with the SEC does not imply a certain level of expertise, skill or training. The registration does not imply a recommendation by the SEC or any state securities authority.

This Cover Page constitutes Item 1 to the Pearlmark Firm Brochure, Form ADV, Part 2A.

Item 2. Material Changes

This brochure is being revised to reflect the commencement of operations of Pearlmark Investment Advisers, L.L.C. as a registered investment adviser and to otherwise update the information presented in the previous brochure dated March 20, 2013.

On January 15, 2014 Pearlmark Real Estate Partners, L.L.C. ("**Sponsor**") assigned to Pearlmark Investment Advisers, L.L.C. ("**Pearlmark**") and Pearlmark assumed from Sponsor, all of Sponsor's rights and obligations under the asset management agreements for Sponsor's existing co-mingled investment funds not previously advised by Pearlmark. Pearlmark is wholly-owned by Sponsor so the result of such transfer is that now all such funds are advised by Pearlmark.

Item 3. Table of Contents

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 Management	6
Item 7.	Types of Clients	6
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9.	Disciplinary Information.....	9
Item 10.	Other Financial Industry Activities and Affiliations	9
Item 11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	10
Item 12.	Brokerage Practices.....	11
Item 13.	Review of Accounts	11
Item 14.	Client Referrals and Other Compensation.....	12
Item 15.	Custody	12
Item 16.	Investment Discretion	12
Item 17.	Voting Client Securities.....	12
Item 18.	Financial Information.....	12

Item 4. Advisory Business

Pearlmark Investment Advisers, L.L.C. ("**Pearlmark**", the "**Firm**", "**we**", or "**our**") provides investment advisory services to privately offered commingled real estate funds and/or separate accounts for institutional and high net worth clients. Pearlmark is wholly-owned by Pearlmark Real Estate Partners, L.L.C. ("**Sponsor**"). Pearlmark currently advises six Sponsor-affiliated private real estate funds and one real estate separate account.

Sponsor is a Chicago-based private equity real estate investment manager with offices in New York and Denver whose business was established in 1996. It makes real estate related investments in various property sectors and markets across the United States primarily on behalf of institutional clients, including corporate and public pension funds, endowments and foundations and insurance companies, as well as high net worth individuals. Sponsor had over \$2.3 billion of gross real estate related assets and over 9.5 million square feet under management as of December 31, 2013.

Sponsor has a team of approximately 40 experienced professionals focused primarily on value-add and income-oriented investments under three platforms: (1) office, retail and industrial assets, (2) institutional-quality rental apartment properties, and (3) real estate high-yield debt and preferred equity investments ("**mezzanine debt**"). The overall synergies among the various investment teams have created an effective internal network that Sponsor believes is a comparative advantage. Sponsor also maintains in-house asset management, capital markets and portfolio management teams, providing streamlined execution of property business plans. Lead by Stephen R. Quazzo, the six senior principals who own and comprise the management committee of Sponsor average over 25 years of real estate experience and over 17 years working together.

Sponsor's managing directors average over 27 years of commercial real estate investment, capital markets, asset and portfolio management, and due diligence experience. This depth of experience of the senior management team has translated into a broad network of industry relationships including local operating partners, financial institutions, brokers and other owners who are integral to sourcing investment opportunities in a highly competitive environment. Additional information regarding Sponsor is available at www.pearlmarkrealestate.com.

Pearlmark provides investment advisory services for direct and indirect investments in commercial real estate and mezzanine debt directly or indirectly secured by real estate.

As the adviser to commingled private real estate vehicles sponsored by Sponsor (individually a "**Fund**" or, collectively, "**Funds**") and to our separate account(s), we:

- Identify, evaluate, and execute investment opportunities.
- Secure investment financing (when applicable).
- Manage and monitor investments, including implementation of value enhancement strategies.
- Prepare asset valuations and financial reporting.

Pearlmark provides investment advisory services to Funds and separate accounts for high net worth individuals and institutional clients that invest in real estate, real estate

mezzanine debt or other real estate related investments. Interests in the Funds will be exempt from registration under the Securities Act of 1933, as amended, and the Funds will be exempt under the Investment Company Act of 1940, as amended. As such, the Funds will only be offered via "private offering," and will be intended only for investment by "accredited investors." The investment guidelines for the Funds will be defined in the PPM and Governing Documents (as defined below) for each Fund. The investment guidelines for any separate accounts are and will be defined in the advisory agreement(s) for such separate accounts.

Item 5. Fees and Compensation

Compensation earned by Pearlmark and its affiliates for the provision of investment advisory services to Funds are and will be comprised of fees based on (1) a percentage of capital committed and contributed for Funds that are in their investment periods, and/or (2) a percentage of capital contributed, net of distributions of capital, for Funds that are no longer in their investment periods ("**Management Fees**"), plus performance-based interests ("**Performance Fees**"), plus, in some cases, acquisition, origination, exit and/or yield maintenance fees ("**Transaction Fees**"). Management Fees, Performance Fees and Transaction Fees will vary by Fund and as such, Pearlmark does not have a fee schedule. Further, because Management Fees, Performance Fees and Transaction Fees of Funds will be set and determined at the Fund level, Management Fees, Performance Fees and Transaction Fees for Funds will generally be non-negotiable.

Management Fees to Pearlmark will generally accrue and be billed monthly in arrears and will commonly be paid from Fund income or capital and reflected in the Fund's quarterly financial statements.

Performance Fees will generally be equal to a percentage of net realized profits after restoring any loss carried forward from prior years and achieving a threshold annual return on invested capital. Performance Fees to a Pearlmark affiliated Fund manager will be comprised of a distribution of the investment proceeds of the Fund and are referred to as the "**Carried Interest**."

Transaction Fees to Pearlmark will generally be payable upon the closing of a given Fund investment and will be reflected in the Fund's quarterly financial statements.

Compensation to Pearlmark for investment advisory services to be provided to a Fund sponsored by Pearlmark will be outlined in the applicable Fund's PPM and Governing Documents.

Compensation for separate account advisory services ("**Separate Account Fees**") are and will be set forth in the advisory agreement between Pearlmark and the client. Separate Account Fees may take the form of Management Fees, Performance Fees and Transaction Fees or may be calculated in a different manner. Separate Account Fees (and any Start-up Expenses or Operating Expenses) will be negotiated with each Separate account client and as such, Pearlmark does not have a fee schedule. Separate Account Fees (and any Start-up Expenses or Operating Expenses) will be payable as set forth in the applicable advisory agreement.

In addition to the Management Fees, Performance Fees and Transaction Fees outlined above, Pearlmark and its affiliates will generally be reimbursed for start-up expenses ("**Start-Up Expenses**") associated with a Fund. Start-Up Expenses are typically limited and the amounts and eligible expenses are outlined in a Fund's PPM and Governing Documents.

Each Fund is expected to bear all expenses related to its operations ("**Operating Expenses**"), including travel costs, fees and other out-of-pocket expenses directly related to the investigation of investment opportunities (whether or not consummated) or visits to the investors, the Fund's share of the acquisition, ownership, financing (including loan origination fees and cost and debt service payments), hedging or sale of investments, taxes, fees of auditors, administrators, custodians, appraisers and counsel, expenses of the Advisory Committee and the investment committee, insurance, litigation expenses, expenses associated with the preparation and distribution of reports to investors and any extraordinary expenses. All Fund Operating Expenses are described in a Fund's PPM and/or Governing Documents.

Pearlmark's clients do not pay fees in advance of their being incurred. Neither Pearlmark nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees.

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

The existence of compensation based upon a Carried Interest may create an incentive for Pearlmark and the Fund manager to cause a Fund to make more speculative investments than would be the case if there were no Carried Interest. However, neither we nor any related party will receive performance-based payments if the investors in a particular Fund do not receive a return of their invested capital and a stated preferred return. We believe that the subordination of performance-based fees to Fund (and investor) returns aligns our interest with those of investors in the Fund and tempers this risk.

Item 7. Types of Clients

Pearlmark will provide investment and real estate advice to certain privately offered commingled real estate funds sponsored by Sponsor. Investors in such Funds may include public and private pension funds, endowments, foundations and high net worth individuals. We expect that any new Fund that we advise will be a privately offered commingled investment vehicle and will generally require a minimum commitment by each investor of \$5 million. However, any such Fund's managing member will have the discretion to waive or reduce the minimum commitment. Pearlmark also provides separate account advisory services related to real estate related investments for high net worth individuals and institutional clients.

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

This Brochure may be provided to prospective investors in a Fund, together with the Fund's private placement memorandum ("**PPM**"), organizational documents and other related documents ("**Governing Documents**"), in connection with an investor's consideration of an investment in the Fund. While this Brochure may include information about the Fund, it does not represent a complete discussion of the features, risks or conflicts associated with the Fund. More complete information about the Fund is included in its PPM and other Governing Documents.

In no event should this Brochure be considered an offer of interests in any Fund or relied upon in determining whether to invest in a Fund. It is also not an offer of, or agreement to provide, advisory services directly to any Investor. Rather, this Brochure is designed only to provide information about the Firm to comply with regulatory requirements under the Investment Advisers Act of 1940. Information in this Brochure may differ from the information provided in the PPM or Governing Documents. If there is any conflict between the information in this Brochure and similar information in a Fund's PPM or Governing Documents, investors should rely on the information in the PPM or Governing Documents with respect to their investment in the Fund.

We currently advise the following vehicles:

- Pearlmark Multifamily Partners, L.L.C. (the "**Multifamily Fund**") was sponsored by Sponsor and invests exclusively in institutional quality multifamily rental properties located across the U.S. that offer current yield and the potential of enhanced returns through value-add strategies. The Multifamily Fund invests in high quality, well-located properties, which we expect to generate income growth, dividends, and attractive total returns over a seven- to ten-year holding period.
- Aslan Realty Partners II, L.P., Aslan Realty Partners III, L.L.C. and Aslan Realty Partners IV, L.L.C. (collectively, the "**Aslan Funds**") were sponsored by Sponsor and invest in value-add office, retail and industrial properties located across the U.S. Through value-add management, leasing and capital improvement strategies, Pearlmark is seeking to increase the competitive position and market value of the investments in the Aslan Funds over an approximately five- to seven-year holding period.
- Pearlmark Mezzanine Realty Partners III, L.L.C. (the "**Mezz Fund**") was sponsored by Sponsor and invests in real estate mezzanine debt and preferred equity diversified by geography, underlying property type, borrower and risk/return profile. The Mezz Fund focuses on providing mezzanine debt and preferred equity for high quality, well-located real estate assets throughout the U.S., with reputable and well-capitalized equity owners and structured to provide current income and safety of principal relative to equity real estate investments.

- Pearlmark Equity Partners I, L.L.C. (the “**PEP Fund**”) was sponsored by Sponsor and invests in commercial real estate transactions, including office, industrial, multifamily and retail properties across the United States, and will invest at the general partner level in other Funds sponsored by Sponsor. The Multifamily Fund, the Aslan Funds, the Mezz Fund and the PEP Fund are collectively, the “**Current Funds**”.
- A separate account focused on large cap real estate investments with a build to core strategy in the United States.

In addition to the Current Funds, Sponsor previously sponsored various privately offered commingled real estate funds not advised by us. As of December 31, 2013, Sponsor and Pearlmark have collectively made over 510 investments in office, retail, industrial and multifamily properties, inclusive of 117 mezzanine debt investments, representing over \$12.2 billion of aggregate gross real estate related assets. Dedicated teams focus on each investment strategy and have been successful in developing diversified portfolios across geography, property type and risk profile.

In valuing and structuring investments for clients, Pearlmark and Sponsor attempt to select assets that are expected to provide the best opportunity to achieve a specific client's return objective. Each of the strategies requires a combination of fundamental real estate expertise, a keen understanding of capital market flows, and hands-on asset and portfolio management. Having experienced multiple economic cycles, Pearlmark and Sponsor are highly focused on acquiring high-quality properties, driving property-level operations, and maintaining well-balanced capitalization structures. In addition, Sponsor has maintained a reputation for transparency and integrity among its investors and lenders and believes that these attributes are fundamental to its success.

There can be no assurance that the use of any strategy for any Current Fund or other client will achieve particular returns or avoid a loss. A client's ability to achieve returns will depend on a variety of factors, many of which are beyond the control of Pearlmark.

- Investment Risk: A client's investments will involve a high degree of risk, including risks associated with investing in real estate, exposure to unfavorable business cycles, resistance from creditors and other uncertainties. There will be no assurances that a client will achieve its investment objectives.
- Illiquidity and Pricing of Investments: There may be little or no active market for many of a client's investments and, therefore, a client may not be able to dispose of an investment when it desires to do so or may dispose of an investment at a price that is not commensurate with the valuation assigned by a client to such investment.
- Availability of Suitable Investments: There can be no assurance that suitable investments will be available for investment by a client.
- Dependence on Real Estate Team; Prior Performance: A client will be dependent to a substantial degree on the continued service of key employees of Pearlmark and Sponsor. Should all or some of the key employees discontinue their services to a client it may materially and adversely affect the performance of a client's investments.
- Environmental Risks: Environmental laws often impose responsibility for investigation and clean up of hazardous substances and materials found on real property on the owner and operator for a site without regard to culpability.

- Uncertainty as to whether properties in which a client has invested are in compliance with such laws could adversely affect the value of such investments.
- Joint Venture Investments: Investments in joint ventures often involve delegating significant discretion to operational issues to operating partners. Operating partners may have tax or financial goals that are different from those of a client, which could cause them to act in a manner not consistent with a client's objectives. Joint venture partners may be highly dependent upon one or a limited number of individuals, the unavailability of whom may adversely affect the value of the joint venture investment.
 - Distressed Debt Investments: A client may invest in debt of issuers that have defaulted or are anticipated to default. Bankruptcy and other insolvency proceedings are expensive, highly complex and may result in unpredictable outcomes. There can be no assurances that a client will obtain favorable results in such proceedings.
 - Use of Leverage: It is expected that a client will leverage its investments and that certain entities in which a client invests will themselves be borrowers, potentially resulting in substantial amounts of aggregate leverage relative to the underlying assets. While leverage may increase returns, it also will increase the risk of loss.
 - Lack of Liquidity: Interests in a Fund will not be listed for trading on any exchange or be transferable without the consent of the managing member. Investors should not expect to be able to liquidate their investment in a Fund prior to the liquidation of such Fund.
 - Other Investments Managed by Pearlmark and Sponsor: The personnel of Pearlmark and Sponsor who are responsible for making investments on behalf of a client are also responsible for managing or making investments on behalf of other clients and parties related to Sponsor. Those persons will not devote substantially all of their business activities to any single client.
 - Incentive Compensation Arrangement: Due to the fact that the managing member of a Fund will be entitled to a Carried Interest in a Fund's profits, the managing member may have an incentive to take more risk than would be the case in the absence of such incentive compensation agreement.
 - Economic Conditions and Valuation: In recent years credit markets tightened, property transaction volume slowed dramatically, and real estate values experienced significant downward pressures. These factors make the valuation of real estate investments more difficult. There can be no assurance that the valuation given to any property is indicative of the amount that an unaffiliated third party would be willing to pay for such property.

Item 9. Disciplinary Information

None of Pearlmark, Sponsor or any management person has been involved in the past ten years in any legal or disciplinary event that would be material to a prospective investor or client in an evaluation of Pearlmark's advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

None of Pearlmark, Sponsor or any of its management persons (i) are registered, or have an application pending to register, as a broker-dealer or registered representative of a broker-dealer, or (ii) are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity training advisor, or an associated person of the foregoing entities. None of Pearlmark, Sponsor or any of its management persons recommend or select other investment advisers for our clients, however from time to time, certain management persons may recommend investment opportunities to various investors in Pearlmark's clients.

Pearlmark is a wholly-owned subsidiary of Sponsor, and as such is managed by Sponsor. Pearlmark will receive a variety of services from Sponsor. For example, we will obtain general real estate market and economic information from Sponsor and will share office facilities as well as executive, back-office and administrative personnel with Sponsor. All managing directors of Pearlmark are also managing directors and employees of Sponsor.

The managing directors and employees of Sponsor will provide services not only to Pearlmark clients but also to other Sponsor-sponsored funds and investment vehicles not advised by Pearlmark. These persons may devote significant time in the future to the management of these other investment vehicles and other professional activities.

As discussed herein, Sponsor is the sponsor of certain real estate vehicles, and may be the sponsor of future Funds and other investment vehicles which are not advised by Pearlmark. While the investment objectives of our clients may differ from the objectives of these other Sponsor-sponsored investment vehicles, it is also possible that conflicts of interest may arise in the allocation of investment opportunities between one or more of our clients and other Sponsor-sponsored investment vehicles. If a particular investment would be appropriate for multiple investment vehicles or clients, the investment will be allocated in a manner that we determine in good faith to be fair and equitable. Our allocation will depend on our determination of all relevant factors such as investment objectives and cash availability. We may also engage in cross transactions between our clients and/or Sponsor-sponsored investment vehicles, in each case subject to the provisions of the relevant Governing Documents and the applicable advisory agreements. It is our general policy not buy any investment from a client for our own account, or sell an investment we own for our own account to a client.

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

We follow a Code of Ethics ("**Code**" or "**Code of Ethics**") that is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 ("**Advisers Act**"). A copy of our Code of Ethics is available to current and prospective investors upon request.

This Code establishes rules of conduct for all supervised persons of Pearlmark and is designed to, among other things, govern personal securities trading activities in the accounts of access persons (as defined in the Advisers Act). In addition, our Code of Ethics, together with our Policies and Procedures Manual, includes safeguards designed to avoid conflicts of interests and unethical business conduct that could adversely affect

our clients. In addition to requiring compliance with the applicable securities laws, our Code of Ethics and Policies and Procedures Manual establishes policies and procedures designed to prevent the misuse of material, non-public information (including information regarding the Funds and investors in Funds), 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 also require prior approval by our Chief Compliance Officer.

The Code and our Policies and Procedures Manual are based upon the principle that Pearlmark and its supervised persons 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 with Pearlmark, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

Specific, detailed procedures have been put into place by Pearlmark to address any potential conflicts of interest. More information is available to clients in the Pearlmark Code of Ethics and our Policies and Procedures Manual, copies of which are available upon request.

Neither Pearlmark nor any of its related persons (a) recommends to clients of Pearlmark, or buys or sells for Pearlmark client accounts, securities in which Pearlmark or a related person has a material financial interest, (b) invests in the same securities (or related securities, e.g., warrants, options or futures) that Pearlmark or a related person recommends to clients, or (c) recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that Pearlmark or a related person buys or sells the same securities for Pearlmark's (or the related person's own) account. However, (i) the managing member of any Fund advised by Pearlmark will commit to invest capital in such Fund, (ii) the Pearlmark principals, officers, employees and other supervised persons will invest capital in the managing member and therefore indirectly will invest capital in such Fund, and (iii) the Pearlmark principals, officers, employees and other supervised persons may invest capital on a co-invest basis with its separate account investors in accordance in the advisory agreement(s) for such separate accounts.

Item 12. Brokerage Practices

We generally will not engage in securities trading for our own account or for the account of our clients, and except occasionally in connection with temporary short-term investments of cash received from commitment fundings pending investment, and cash flow from operations or the sale or refinancing of assets pending further investment or distribution, we do not expect to employ, engage or recommend a securities broker-dealer for any transaction related to any investments. However, as a matter of policy and practice, we (i) will seek to obtain best execution for client securities transactions (i.e., seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances), and (ii) will not accept client's instructions for directing a client's brokerage transactions to a particular broker-dealer. We do not have any soft dollar arrangements and do not expect to have this type of arrangement in the future.

Item 13. Review of Accounts

The portfolio and asset management teams of Pearlmark will monitor Fund and separate account performance and investments on a regular and current basis under the supervision of Pearlmark's executive team.

Investors or their designated representatives in Funds generally receive the following written reports: (i) quarterly financial statements and estimates of valuations of the Fund's portfolio properties, (ii) annual audited financial statements for the Fund; (iii) information required for the preparation of investor tax returns; and (iv) ad hoc reports as requested by an investor or its representative. Investors in Funds are also generally invited to Fund annual meetings. Each Fund's "Advisory Committee" comprised of certain Fund investors or their representatives will typically receive semi-annual reports including, but not limited to: (i) Fund performance; (ii) operational summaries and estimates of valuations of the Fund's portfolio properties, and; (iii) updates on operations at Pearlmark. The reports to be received by any non-Fund client will be determined on a case by case basis and specified in the advisory agreement between Pearlmark and such client.

Item 14. Client Referrals and Other Compensation

No person who is not a client of Pearlmark will provide an economic benefit to the Firm for providing investment advice or other advisory services to Pearlmark's clients.

Pearlmark will not provide direct or indirect compensation with respect to referrals of clients.

Item 15. Custody

We may be deemed to have "custody" of Fund cash within the meaning of Rule 206(4)-2 under the Advisers Act. Accordingly, the managing member of each Fund will provide each investor in its Fund with quarterly financial statements. Investors also will receive audited financial statements for the Fund that comply with U.S. generally accepted accounting principles within 120 days following the Fund's fiscal year end. Investors should carefully review the quarterly financial statements and annual audited financial statements for the Fund. We do not plan to have custody of any cash or securities of any non-Fund clients. In the event we are deemed to have custody of any non-Fund cash or securities, we will comply with the applicable requirements of the Advisers Act and related rules with respect to such custody.

Item 16. Investment Discretion

To the extent we accept discretionary authority to manage securities accounts of clients, such authority will be subject to any limitations and investment parameters set forth in the advisory agreement between Pearlmark and the client. In the case of Fund clients, any such limits or parameters will also be described in the Fund's PPM or Governing Documents, which are provided to Fund investors prior to making an investment

commitment in a Fund, and which is further evidenced by a subscription agreement or other written document.

Item 17. Voting Client Securities

Pearlmark does not intend to accept authority to vote proxies on behalf of any clients, and any proxies received by Pearlmark will be forwarded to the relevant client. Pearlmark also does not intend to accept authority to consent to corporate actions on behalf of Fund clients, but may have authority to consent to certain corporate actions related to investments of non-Fund clients. In the event Pearlmark has authority to consent to any corporate actions on behalf of non-Fund clients, such authority will be exercised based on what it considers to be in the best financial interests of the client. Pearlmark clients may receive a copy of the Firm's proxy voting policy contained in its Policies and Procedures Manual upon request.

Item 18. Financial Information

Pearlmark is not aware of any financial condition that is reasonably likely to impair its ability meet contractual and fiduciary commitments to clients.