

NORMANDY REAL ESTATE MANAGEMENT, LLC

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March 31, 2014

This Brochure provides information about the qualifications and business practices of Normandy Real Estate Management, LLC (“**NREM**”). If you have any questions about the contents of this Brochure, please contact NREM’s Chief Compliance Officer (“**CCO**”), Jeffrey Gronning at 973-898-2780 or jgronning@normandyrealty.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.

In communications with its investors, NREM may refer to itself by the name of an affiliated entity, Normandy Real Estate Partners LLC (“**Normandy**”).

Registration of an investment adviser does not imply that NREM or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Item 2: Material Changes

Since filing our initial Form ADV Part 2A on June 6, 2013, we have made the following material changes to this form:

- Item 4 has been changed to update the private investment funds Normandy advises.

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Item 4: Advisory Business

Normandy Real Estate Management, LLC (“**NREM**”, “**we**”, “**us**”, “**our**”, or the “**Firm**”) is a private real estate investment company with its principal place of business in Morristown, NJ. NREM commenced operations in 2002.

The Firm provides investment management services to the following private pooled investment funds:

Normandy Real Estate Fund, LP;
Normandy Real Estate Fund (AIV), LP;
Normandy Northeast Office Venture Partners, LP;
Normandy Real Estate Fund II, LP;
NREP Real Estate Debt Fund, LP; and
Normandy Real Estate Fund III, LP.

These are collectively referred to as the “**Funds**”. NREM also provides investment management services to limited liability companies for the benefit of certain investors (the “**LLCs**” and together with the Funds, the “**Client Accounts**”).

NREM’s strategy is to pursue value-added real estate investments in the U.S., with an emphasis on office properties primarily located in the Northeast and Mid-Atlantic regions and selectively in markets on the West Coast such as Los Angeles and San Francisco, CA.

In addition to its investment expertise, certain NREM affiliates have extensive capabilities in commercial development and construction, leasing, and property management.

The Firm is led by Finn Wentworth, David Welsh, and Jeffrey Gronning (the “**Managing Principals**”), who have worked together for 17 years.

As of December 31, 2013, NREM managed approximately \$1,387,642,043 of assets, all on a discretionary basis.

The Firm also provides real estate management services through one or more of our affiliated entities.

Item 5: Fees and Compensation

As compensation for its investment management services, we generally receive an “Asset Management Fee” and an “Incentive Distribution” (defined below). Investors should refer to each Fund’s confidential private placement memorandum (“**PPM**”) and/or limited partnership agreement (“**LP Agreement**”) for additional or supplementary information regarding the Funds and the fees paid by each Fund.

Asset Management Fee

In accordance with each Fund’s PPM and/or LP Agreement, we will receive an annual asset management fee (the “**Asset Management Fee**”) which varies by Fund, but is generally equal to a specified percentage of committed capital during the commitment period and a specified percentage of the invested capital after the commitment period. Asset Management Fees are typically between 1.25% and 1.50% per annum.

Through one or more of our affiliated entities, we may provide property management, development, leasing, construction, and other similar property-related services to the Funds' portfolio investments for a fee. Any such fees are based on prevailing market rates for such services and are disclosed to each Fund's advisory board.

Incentive Distributions

We may also receive an incentive distribution from each Fund (the “**Incentive Distribution**”) based on the net cash proceeds distributed to investors by the Fund. Our Incentive Distribution percentage will generally increase as distribution hurdles to each Fund's investors are met.

Expenses

The Funds bear all legal and other expenses incurred in the formation of the Funds and the offering of interests (other than placement fees), up to an amount not to exceed a threshold amount established in each Fund's PPM and/or LP Agreement.

The Funds generally bear all expenses related to their operations, including travel costs, fees and other out-of-pocket expenses directly related to the investigation of investment opportunities (whether or not consummated), the acquisition, ownership, financing, hedging or sale of its investments, taxes, fees of auditors and counsel, expenses of any advisory board or investment committee, insurance, litigation expenses, expenses associated with the accounting, preparation and distribution of reports to investors and any extraordinary expenses.

The Funds may retain third parties for necessary services relating to the assets held by the Funds, including any management, development, construction, leasing and other property management services. NREM or its affiliates may provide such services provided the terms are on an arm's-length basis and no less favorable to the Funds than those that could be obtained from unaffiliated third parties.

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

As described above, we receive performance-based compensation in the form of Incentive Distributions from the Funds. For a discussion of our Incentive Distributions and performance-based compensation received from the Funds, please refer to Item 5 above and each Fund's PPM and LP Agreement.

Performance-based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Any potential conflict in this area will be monitored by the CCO.

Item 7: Types of Clients

NREM advises the Funds and the LLCs. Investors in the Funds and LLCs consist primarily of institutional investors, including endowments and pension funds, financial institutions, other investment funds, and high net worth investors. We require Client Account investors to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment.

In general, the minimum investment we require in a Fund by an investor is \$5,000,000; however lesser amounts may be accepted in our sole discretion.

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

Methods of Analysis and Investment Strategies

Our strategy is to pursue value-added investments, with an emphasis on office investments primarily in markets located in the U.S. Northeast and Mid-Atlantic regions and selectively in markets on the West Coast such as Los Angeles and San Francisco, CA.

The strategy seeks to capitalize on NREM's combination of capital markets expertise and real estate operating capabilities. Additionally, we seek to benefit from the team's success in executing investments in complex, distressed situations involving high quality assets where NREM can invest in various parts of the capital structure, from senior debt to equity, with the goal of acquiring and improving the underlying real estate.

NREM seeks to execute its investment strategy by:

- Identifying assets that are underutilized, have operational inefficiencies, or have below-market rents;
- Sourcing these superior investment opportunities through our extensive network of relationships;
- Capitalizing our transactions with the most advantageous debt/equity structuring available;
- Structuring investments in complex, distressed situations and distressed debt opportunities;
- Implementing aggressive value enhancement programs for each asset through its integrated operating platform; and
- Focusing on profitable dispositions and the timely return of capital to the Fund's investors.

NREM believes that its superior capital markets and operational expertise, coupled with the Managing Principals' extensive network of relationships with lenders, special servicers, funds, and insurance companies, will enable the Firm to source off-market and limited competition transactions.

Risk of Loss Factors

The investment strategies that we employ involve significant risks that clients and investors should be prepared to bear. The following summary does not purport to include every risk; rather it focuses upon those risks that are generally associated with our investment strategy and philosophy. An investment in the Funds is speculative and involves a high degree of risk, including the risk that the entire amount invested may be lost. For a more detailed discussion of the risks associated with our investment strategy, investors should review the discussion of risks provided in the relevant Fund's PPM and/or LP Agreement.

General Real Estate Considerations

Investments in real estate and real estate-related entities are subject to various risks, including, for example, adverse changes in national and international economic and geopolitical conditions, local market conditions and the financial conditions of tenants; changes in the number of buyers and sellers of properties; increases in the availability of supply of property relative to demand; changes in availability of financing; increases in interest rates, real estate tax rates, energy prices, and other operating expenses; changes in environmental laws and regulations, zoning laws and other governmental rules and policies; changes in the relative popularity of properties; risks due to dependence on cash flow; risks and operating problems arising out of the presence of certain construction materials, as well as acts of God, uninsurable losses and other factors which are beyond the control of the Firm. In addition, real estate is subject to long-term cyclical trends that give rise to significant volatility in real estate values.

Risks of Acquisition Activities

The Firm intends to acquire existing office properties to the extent that they can be acquired on advantageous terms and meet our investment criteria. Acquisitions of commercial office sector properties entail general investment risks associated with any real estate investment, including the risk that investments will fail to perform as expected and that estimates of the cost of improvements to bring an acquired property up to standards established for the intended market position may prove inaccurate. NREM's acquisition activities and their success may be exposed to the following risks:

- We may be unable to acquire a desired property because of competition from other well capitalized real estate investors, including both publicly traded real estate investment trusts and institutional investment funds;
- Even if we enter into an acquisition agreement for a property, such an agreement would typically be subject to customary conditions to closing, including satisfactory completion of due diligence investigations;
- Even if we are able to acquire a desired property, competition from other real estate investors may significantly increase the purchase price paid;
- We may be unable to finance acquisitions on favorable terms;
- Acquired property may fail to perform as we projected;
- Our estimates of the costs of repositioning, retreating or refurbishing acquired properties may be inaccurate; and
- The existing tenants may be unable to make lease payments and we may be unable to attract and retain tenants on favorable terms.

The Client Accounts may acquire properties subject to known or unknown liabilities and with limited or no recourse. As a result, if liability were asserted against a Client Account based upon such properties, the Client Account or a related entity might have to pay substantial sums to dispute or remedy the matter, which could adversely affect the value of the Client Account. Unknown liabilities with respect to properties acquired could include, for example: liabilities for clean-up of undisclosed environmental contamination; claims by

tenants, vendors or other persons relating to the former owners of the properties; liabilities incurred in the ordinary course of business; and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

Investment in Distressed Assets

We may originate performing debt investments and may acquire not only performing, but sub-performing or non-performing debt interests as well, which are secured directly or indirectly by real estate. In addition to the risks of borrower default, the collateral may be mismanaged or otherwise decline in value during periods in which we are seeking to obtain control of the underlying real estate. It is possible that we may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased or originated by us. The foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states, foreclosure actions can take up to several years to conclude. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, staying the foreclosure action and further delaying the foreclosure process. Investments in assets operating in workout modes under Chapter 11 of the Bankruptcy Code, or the equivalent in non-U.S. jurisdictions, are, in certain circumstances, subject to certain additional potential liabilities which may exceed the value of our original investment. For example, under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or counterclaims may be filed and lenders may be found liable for damages suffered by various parties as a result of such actions. In addition, under certain circumstances, payments to the Firm and distributions by the Firm to its investors may be reclaimed to the extent that any such payment or distribution originated with a troubled asset and is later determined to have been a fraudulent conveyance or preferential payment.

Bankruptcy laws may delay the ability of NREM to realize on collateral for loan positions held by it or may adversely affect the priority of such loans through doctrines such as equitable subordination or may result in a restructure of the debt through principles such as the “cramdown” provisions of the bankruptcy laws.

Redevelopment Risks

Some assets that we acquire may require redevelopment in order to meet our investment strategy. Redevelopment activities are subject to risks, including, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, public and private opposition to projects, unexpected increases in cost, delays in the completion of construction and the possibility that construction or permanent financing may not be available on favorable terms. In addition, redevelopment activities may not be completed within budget or on schedule because of cost overruns, work stoppages, shortages of building materials, the inability of contractors to perform their obligations, defects in plans and specifications or other factors. Any delay in completing the redevelopment of an asset may result in increased interest and costs and the potential loss of previously identified purchasers or tenants. If any of these risks should occur they could result in substantial unanticipated delays or expense and, under certain circumstances, could prevent completion of a development or redevelopment opportunity once undertaken, any of which could have a material adverse effect on the Firm and on the amount of funds available for distribution by the Firm.

Environmental Risks

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate may be required to investigate and clean up any hazardous or toxic substances or petroleum product releases at such property and may be liable to a governmental entity or to third parties for property damage and for investigation and clean up costs incurred by such parties in connection with contamination. These laws typically impose clean up responsibility and liability without regard to whether the owner knew of, or caused the presence of, the contaminants, and the liability under such laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances or the failure to properly remedy the contamination on such property may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. Persons who arrange for the disposal or treatment of hazardous or toxic substances or petroleum products at a disposal or treatment facility may also be liable for the costs of removal or remediation of a release of hazardous or toxic substances or petroleum products at such disposal or treatment facility, whether or not the facility is owned or operated by such person. In certain circumstances, third-party lenders which have directed or had an active involvement in the environmental compliance activities or the day-to-day management of a borrower's facilities or which have taken possession of, or title to, such borrower's collateral may be liable for the costs of removal or remediation of a release of hazardous or toxic substances or petroleum products at the facility. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with contamination. In addition, the owner of a site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. In connection with its ownership and operation of real estate, we may incur liability for such costs. Certain federal, state and local laws, regulations and ordinances govern the removal, encapsulation or disturbance of asbestos-containing materials ("**ACMs**") when such materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a building. These laws may impose liability for release of ACMs and may provide for third parties to seek recovery from owners or operators of real property for personal injury associated with ACMs. In connection with its ownership and operation of real estate, the Firm may incur liability for such costs. And in connection with the NREM's debt investments, the Firm, to the extent it has an active involvement in the environmental compliance activities of a borrower's facilities or takes possession of a borrower's collateral, may incur liability for environmental costs. Also in connection with our debt investments, the ability of the owner to make payments to us may be reduced, which in turn may also adversely affect the value of the relevant asset held by the Firm. Additionally, changes in environmental laws or in the environmental condition of an asset may create liabilities that did not exist at the time of acquisition and that could not have been foreseen.

Illiquidity of Investments

It is unlikely that there will be a public market for many of NREM's investments. We generally will not be able to sell our investments held in the form of securities publicly unless their sale is registered under applicable federal and state securities laws, or unless an exemption from such registration requirements is available. In some cases, we may be prohibited by contract from selling investments for a period of time. In addition, the types of investments held by NREM may be such that they require a substantial length of time to liquidate. In particular, no assurances can be given that all Firm investments will be able to be liquidated prior to the scheduled expiration of the term of the Firm.

Item 9: Disciplinary Information

Neither NREM nor its affiliates have been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of NREM have been subject to such action.

Item 10: Other Financial Industry Activities and Affiliations

Neither NREM nor any of its affiliates are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither NREM nor any of its affiliates are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Normandy Real Estate Fund GP, LLC, Normandy Northeast Office Venture Partners GP, LLC, Normandy Real Estate Fund II GP, LLC, NREP Real Estate Debt GP, LP, and Normandy Real Estate Fund III GP, LLC serve as the general partners of the Funds (the “**General Partners**”). Certain NREM employees may have financial interests in General Partners.

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

Participation or Interest in Client Transactions

NREM, either directly or through affiliated entities, serves as the investment adviser to the Funds. Employees and affiliated entities may hold investments in the Funds through limited partnership interests, and, in the case of certain employees, general partnership interests in the Funds.

The General Partner entities and certain employees may also have financial interests in the Funds through Incentive Distributions received by the General Partners. As such, NREM could be considered to have recommended to potential investors or clients that they buy or sell securities or investments in which the applicant or a related person has some financial interest.

Code of Ethics and Personal Trading

Pursuant to Rule 204A-1 of the Advisers Act, we have adopted a Code of Ethics and Employee Investment Policy (the “**Code**”) that establishes various procedures with respect to investment transactions in accounts (“**Covered Accounts**”) in which any of our employees has discretionary investment authority or exercises effective influence or control. The spirit of the Code is to discourage frequent trading in employee personal accounts and restrict trading in certain real estate-related securities, including real estate investment trusts.

All Covered Account transactions in certain types of securities (“**Reportable Securities**”) must be approved in advance by the CCO. Employees must also obtain pre-approval from the CCO before engaging in any initial public offerings, certain outside real estate business activities, and private placements.

Covered Account brokerage statements are subject to review by NREM's CCO. These records are used to monitor compliance with the foregoing policies.

Item 12: Brokerage Practices

NREM does not usually invest in publicly traded securities and therefore we do not select broker-dealers on a regular basis. If required to select a broker-dealer for transactions by a Fund, we will make the selection based on a combination of cost, execution capability, and trading expertise consistent with the transaction.

Item 13: Review of Accounts

Review of Accounts

The Client Accounts managed by the Firm are reviewed on a continual basis to assure conformity with investment objectives and guidelines.

Reporting

In addition to receiving periodic reports from NREM, such as quarterly unaudited financial statements, each investor will receive the relevant Fund's audited financial statements, together with other supplemental information pertaining to the Fund's portfolio of investments and activities, within 120 days of such Fund's fiscal year end.

Item 14: Client Referrals and Other Compensation

Compensation for Client Referrals

Mercury Capital Advisors, LLC ("**Mercury**") currently serves as third party placement agent for Normandy Real Estate Fund III, LP, and, as a result, Mercury may receive a portion of our Asset Management Fees as compensation for their services. The fees we pay to Mercury do not result in an increase in the fees charged to our clients.

We have engaged other placement agents in the past to assist in raising capital for our other Funds and these placement agents may continue to receive a portion of our Asset Management Fees as ongoing compensation.

Item 15: Custody

The investments that NREM makes on behalf of its clients are primarily related to the acquisition and development of interests in real estate, and in companies that own and operate real estate developments. Accordingly, we maintain possession of the vast majority of the documentation which demonstrates our clients' ownership interest in these investments. Client cash and other liquid assets are held in custodial accounts which are in the name of the specific fund or investment entity.

Under our governing agreements, we may direct that Asset Management Fees and Incentive Distributions be paid out of the Funds.

For these reasons, we are deemed to have custody of client assets.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, we are required to provide all investors with audited financial statements for the Funds in which they are invested within 120 days of such Fund's fiscal year end. In addition, the audited financial statements must be prepared by an independent accounting firm that is registered with and subject to review by the Public Company Account Oversight Board, in accordance with US Generally Accepted Accounting Principles. Investors should carefully review the audited financial statements of the Funds.

Item 16: Investment Discretion

Subject to any investment restrictions set forth in a Fund's PPM and LP Agreement, we have discretionary authority to make the following determinations without obtaining the consent of any Fund or investor before the transactions are effected:

- The properties that are to be bought or sold;
- The total amount of properties to be bought or sold;
- The brokers, investment banks or placement agents through which properties are to be bought or sold; and
- The commissions, fees or other rates at which property transactions for a Fund are effected.

Item 17: Voting Client Securities

We are rarely asked to vote proxies because of the nature of our business. If we are asked to vote a proxy or corporate action, we will make a determination, in our opinion, as to what vote is in the best interest of the Funds. We will maintain a written record of any proxy/corporate action on which we vote.

Item 18: Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet our contractual and fiduciary commitments to clients, and have not been the subject of a bankruptcy proceeding.