

Part 2A of Form ADV: Singerman Real Estate Management Company, L.P. - Brochure

Item 1 - Cover Page

March 18, 2014

Singerman Real Estate Management Company, L.P.
980 N. Michigan Avenue, Suite 1235
Chicago, Illinois 60611
Phone - (312) 475-9300

This Brochure provides information about the qualifications and business practices of Singerman Real Estate Management Company, L.P. If you have any questions about the contents of this brochure, please contact us at (312) 475-9300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Singerman Real Estate Management Company, L.P. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

Additional information about Singerman Real Estate Management Company, L.P. also is available on the SEC's website at www.adviserinfo.sec.gov.

SINGERMAN REAL ESTATE MANAGEMENT COMPANY, L.P.

980 N. Michigan Avenue, Suite 1235 • Chicago, IL • 60611

Phone: (312) 475-9300 • Fax: (312) 475-9303

Item 2 - Material Changes

Singerman Real Estate Management Company, L.P. (the “Adviser”) is a new registrant. Therefore, this is its initial “Brochure” with the SEC. In the future, this Item will discuss only specific material changes that are made to the Brochure and provide a summary of such changes. We will also reference the date of the last annual update of our Brochure.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Currently, our Brochure may be requested by contacting Mr. Charles Kellogg, the Adviser’s Chief Compliance Officer at (312) 544-9636 or ckellogg@singermanre.com.

Additional information about the Adviser is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with the Adviser who are registered, or are required to be registered, as investment adviser representatives of the Adviser.

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Item 4 - Advisory Business

- A. The Adviser is an opportunistic real estate investment firm located in Chicago, Illinois. The Adviser provides investment advisory services on a discretionary basis to private investment limited partnerships (each, a “Fund”, and together, the “Funds”).

The Adviser was formed in 2011 by Mr. Seth Singerman, the founder and managing principal of the Adviser (the “Managing Principal”). The Managing Principal is the sole equity owner of the Adviser through direct and indirect interests.

- B. Investment advisory services include establishing each Fund's investment objective and selecting portfolio investments according to each Fund's specific investment strategy, as described in the applicable Fund's confidential offering memorandum (if any) and governing documents (collectively, the “Offering Documents”). The investment activity of the Adviser generally focuses acquiring a diversified set of real estate assets, including both direct property investments and real estate loans.

The Adviser's investment strategy for the Funds generally focuses on maximizing risk-adjusted returns through investments in both debt and equity across all major asset classes including office, retail, hotel, and multifamily, in addition to secondary real estate asset classes including student housing and senior housing.

- C. While each of its Funds generally follows the general strategy stated above, the Adviser may tailor the specific advisory services with respect to each Fund on the individual investment strategy of each Fund and the investment guidelines and restrictions stated in each Fund's respective Offering Documents. The Adviser does not tailor its investment advisory services to individual limited partners in any of the Funds.
- D. The Adviser does not participate in wrap fee programs.
- E. As of December 31, 2013, the Adviser managed approximately \$135,277,155 in discretionary portfolios. The Adviser does not currently manage assets on a non-discretionary basis.

Item 5 - Fees and Compensation

- A. Below is a discussion of how the Adviser and its affiliates are compensated in connection with providing advisory services to a Fund. The Adviser may enter into different fee arrangements on a Fund by Fund basis.

Capital Commitments

Each Fund seeks capital commitments (“Commitments”) from limited partners in one or more closings up to an amount stated in the Offering Documents. Capital calls may be required from time to time for a period stated in each Fund’s Offering Documents (the “Commitment Period”). Thereafter, the limited partners will be released from any further obligation with respect to their undrawn Commitments, except to the extent expressly provided in a Fund’s governing documents, including: (i) to pay Fund expenses, (ii) to fund then existing written commitments to make investments, (iii) to fund follow-on investments in existing investments, (iv) to maintain or protect existing investments, and (v) to establish or fund reasonable reserves for any of the foregoing. In no event will a limited partner be required to make a capital contribution in an amount in excess of its unfunded Commitment.

Commitments are drawn down *pro rata* based on original Commitments on an as-needed basis to fund investments and pay Fund expenses.

Management Fees

Each Fund pays the Adviser an annual management fee (the “Management Fee”) of up to 2% of total Commitments for services provided by the Adviser to the Fund, payable quarterly in advance from the date of the initial closing of a Fund until the end of the Commitment Period. Following the Commitment Period, each Fund pays a Management Fee of up to 2% of the difference between (i) the Fund’s capital contributions applied toward investments and the allocable share of amounts committed by a Fund’s general partner (the “General Partner”), an affiliate of the Adviser, to be draw for investments less (ii) the Fund’s investment-related capital contributions that are attributable to investments that have been sold off or completely written off.

The Management Fee is be reduced by: (i) one hundred percent (100%) of any directors’ fees, financial consulting fees or advisory fees earned by the General Partner or its affiliates with respect to any investment; (ii) one hundred percent (100%) of any transaction fees paid to the General Partner or its affiliates with respect to any investment; and (iii) one hundred percent (100%) of any breakup fees with respect to transactions of the Fund not completed that are paid to the General Partner or its affiliates. The fees in this paragraph are referred to herein as “Transaction Fees.”

Certain limited partners in each Fund may pay Management Fees at lower rates than those noted above, as may be agreed to by such Fund’s General Partner in accordance with the Fund’s Offering Documents.

Distributions

Net proceeds from the operation, disposition and refinancing of investments of the Fund or any portions thereof (“Distributable Proceeds”) are apportioned among the partners in

Item 5 – Fees and Compensation (continued)

accordance with their respective percentage interests in the applicable investment and the amount initially apportioned to the General Partner, the Carry Entity, which is a special limited partner which is an affiliate of the General Partner to which the Carried Interest (as defined below) is distributable, and their affiliates (if any) are distributed to them. Amounts initially apportioned to each other Limited Partner are then be distributed to such limited partner and the Carry Entity in the following order of priority:

- (a) first, 100% to such limited partner until the cumulative amount distributed to such Limited Partner pursuant to this clause (a) equals the aggregate of such limited partner's capital contributions and Management Fee payments paid by such limited partner;
- (b) second, 100% to such limited partner until the cumulative amount distributed to such limited partner pursuant to clauses (b) through (d) equals a nine percent (9%) per annum preferred return, compounded annually, on such limited partner's aggregate capital contributions and Management Fee payments;
- (c) third, (i) 50% to such limited partner and (ii) 50% to the Carry Entity until the cumulative distributions to the Carry Entity with respect to such limited partner equals 30% of the total amount distributed to such limited partner and the Carry Entity pursuant to clauses (b) through (d); and
- (d) thereafter, (i) 70% to such limited partner and (ii) 30% to the Carry Entity.

Distributions to the Carry Entity under paragraphs (c) and (d) are referred to as the "Carried Interest." Certain limited partners in each Fund may pay a Carried Interest to the Carry Entity at lower rates than those noted above, as may be agreed to by such Fund's General Partner in accordance with the Fund's Offering Documents.

Distributions to the Partners are be subject to certain adjustments and reserves as stated in more detail in each Fund's Offering Documents.

Upon the final liquidation of a Fund and distribution of its remaining assets, the Carry Entity may be required to restore funds to the Fund for distribution to the limited partners (up to the amount of its cumulative net after-tax Carried Interest) to the extent, if any, that the amount previously distributed to the Carry Entity as its carried interest exceeds the aggregate amount due to the Carry Entity as its carried interest on a cumulative basis.

- B. Management Fees are generally billed directly to limited partners on quarterly basis but may be paid out of current income and Distributable Proceeds of the Fund and from drawdowns of Commitments. Disposition Proceeds are made as indicated in Item 5.A. above. Transaction Fees are not paid by the Funds but are paid by either the portfolio company or other third parties.
- C. The General Partner and the Adviser bear their own "overhead" associated with each Fund's activities (including compensation of officers and employees of the General Partner and the Adviser and general office overhead).

Each Fund (together with any parallel funds, allocated pro rata based on Commitments) bear all expenses ("Organizational Expenses") incurred in connection with the organization

Item 5 – Fees and Compensation (continued)

of the Fund, each parallel fund, the General Partner, and the Carry Entity, provided, that any Organizational Expenses paid by the Fund (excluding placement fees) in excess of certain predetermined amounts set forth in each Fund's Offering Documents may be offset on a dollar-for-dollar basis against the Management Fee.

Each Fund bears and is charged with all costs and expenses relating to the activities and operations of the Fund, including, but not limited to: (i) administrative fees, costs and expenses related to the operation of the Fund (including fees, costs and expenses of accountants, lawyers and other professionals incurred in connection with the Fund's annual audit, legal compliance, financial reporting, legal opinions and tax return preparation); (ii) fees, costs and expenses related to the acquisition, management, development, financing, hedging, refinancing and sale or other disposition of investments and the evaluation of potential investments (regardless of whether the potential investments are consummated), including any travel, financing, legal, accounting, advisory and consulting expenses in connection therewith; (iii) any taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund; and (iv) fees, costs and expenses related to litigation, director and officer liability, other insurance and indemnification obligations.

The General Partner of a Fund may engage finders or placement agents in connection with the offer and sale of limited partnership interests in the Fund, and the Fund may agree to indemnify such persons. The fees due to such finders or placement agents will be the obligations of the General Partner and will not be charged to or borne by the Fund.

The Adviser does not maintain any trading accounts and does not use "soft" dollars.

Please refer to Item 12, Brokerage Practices, for more information.

- D. As stated above, Management Fees are payable quarterly in advance. Since limited partners are generally not permitted to withdraw or redeem their investment in a Fund prior to the dissolution of the Fund, refunds of Management Fees are not available to limited partners.
- E. Other than as described above, neither the Adviser nor any of its supervised persons receives any compensation from the sale of securities or other investment products.

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

As stated in Item 5 above, a Carry Entity, which is an affiliate of the General Partner of a Fund, receives performance-based fees in connection with any Distributable Proceeds that are distributed to partners relating to dispositions of the Fund's investments.

Performance-based fees, in general, may create an incentive for an adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee.

The Adviser may manage multiple Funds with similar investment strategies on a side-by side basis. As a result of the foregoing, the Adviser, the Managing Principal, and/or affiliate(s) may have conflicts of interest in: (i) allocating their time and activity among the multiple Funds; (ii) allocating investments among the multiple Funds; and (iii) effecting transactions among the multiple Funds, including ones in which the Adviser, the Managing Principal, and/or affiliate(s) may have a greater financial interest. These conflicts of interest may create an incentive for the Adviser to favor a Fund in which the Adviser, the Managing Principal, and/or affiliate(s) have a greater financial interest with respect to allocation of time and activity, limited investment opportunities, or investments that the Adviser regards as more attractive or better performing investments.

To address these conflicts of interest, the Adviser has implemented policies and procedures to ensure that all Funds receive equitable and fair treatment over time with respect to the allocation of investment opportunities. These policies and procedures require the Adviser to at all times allocate investments among the Funds in a manner which it believes to be fair and equitable and prohibit the Adviser from basing an allocation decision on any of the following, or similar, reasons: (i) to generate higher fees paid by one Fund over another, or to produce greater fees to the Adviser or any of its affiliates; (ii) to develop a relationship with an existing or potential limited partner in a Fund; (iii) to compensate a limited partner in a Fund for past services or benefits rendered to the Adviser or any employee of the Adviser; or (iv) to induce future services or benefits to be rendered to the Adviser or any employee of the Adviser.

Item 7 - Types of Clients

The Adviser provides investment advisory services on a discretionary basis to the Funds, which are private investment limited partnerships that focus on investing in real estate private equity transactions.

Limited partners in the Funds are required to complete and submit a subscription agreement binding them to the terms of a Fund's governing documents. The Funds only admit "accredited investors", as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended, and "qualified clients," and "qualified purchasers" as defined in Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Generally, the minimum Commitment by a limited partner to a Fund is \$500,000, although the General Partner may accept Commitments of lesser amounts.

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

A. Introduction

The Adviser is an opportunistic real estate investment firm that has deep experience executing complex transactions and unlocking embedded value through the ownership of properties, real estate loans and operating companies. The Adviser focuses on maximizing risk-adjusted returns through investments in both debt and equity across all major asset classes including office, retail, hotel, and multifamily, in addition to secondary real estate asset classes including student housing and senior housing.

Investment Principles

The Adviser's basic investment philosophy is to generate alpha through fundamental real estate analysis and a capital structure agnostic approach by investing in both debt and equity. In an investment environment driven by asset recapitalizations, the Adviser believes that knowledge and expertise in investing across the capital structure is particularly valuable. To provide the flexibility necessary in order to generate attractive risk-adjusted returns, the Adviser maintains the following investment strategy:

Capital Structure Agnostic. Depending on the investment environment, attractive investment opportunities may present themselves as debt or equity investments. In the current cycle, opportunities are more likely to be initially sourced through debt related investments or an asset recapitalization.

Investment Across all Major Asset Classes. The Adviser believes sector oriented funds create unnecessary pressure to commit capital to a targeted strategy. Having the depth of experience in all major asset classes, including office, retail, hotel, multi-family, student housing, and senior housing enhances the potential to find optimal risk-adjusted returns.

Flexibility of Investment Size. The Adviser has the capacity and relationships to execute deals deemed too small for large real estate private equity funds relative to their fund size, while also capitalizing on the ability to partner with the large private equity funds for larger deals. The Adviser believes that a significant portion of the investments will require less than \$15 million of equity; however, the Adviser has experience executing acquisitions ranging in size from \$1 million to over \$700 million.

Broad Geographic Scope. The Adviser generally focuses on the top 30 U.S. Metropolitan Statistical Areas ("MSAs") and has direct investment experience investing in major markets such as New York, Los Angeles, San Francisco, San Diego, Chicago, Minneapolis, Washington DC, Seattle, Houston, Atlanta, Boston, and Miami. SRE has a deep breadth of relationships in each of these locations in order to leverage market specific insight.

Proprietary Investment Sourcing

The proprietary sourcing process developed by the Adviser seeks to identify and execute attractive investment opportunities. The Adviser's investment sources include:

Public Companies. The Adviser has close relationships with public real estate management teams forged during the Managing Principal's active role for over a decade developing and

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

growing a real estate securities investment platform. In the past this has provided opportunities when these companies look to sell non-core assets, and the Adviser expects these opportunities to continue to develop going forward. In addition, many of these firms respect the Adviser's investment sourcing abilities and grasp of their business, and thus view the Adviser as a potential partner on investments.

Private Equity Funds. The Adviser has significant relationships with large private equity firms through partnerships in prior transactions. These firms have large investment portfolios that may benefit from the monetization of smaller assets. The Adviser's partner relationship experience assures these firms that the Adviser can execute. In addition, the Adviser is viewed by some large firms as a potential sourcing agent of investment opportunities.

Investment Banks. Many large banks prefer to avoid a potential work-out scenario due to loan size and deal complexity relative to the bank's perceived opportunity cost of their time to work-out a loan.

Regional Banks. The Adviser has strong relationships with decision makers and local partners.

Other Financial Institutions. The Adviser engages with insurance companies, hedge funds, specialty finance companies, and mortgage REITs to source proprietary investment opportunities.

Investment Process

The Adviser's investment process is singularly focused on maximizing risk-adjusted returns. The Adviser places great emphasis on acquiring assets at a discount to replacement cost and right-sizing financing proceeds and loan-term to levels appropriate for each asset.

The investment process combines top-down macro research with asset specific bottom-up fundamental research. The Adviser first identifies investment areas or investment themes that may be fertile ground for idea generation. Investment areas are broad and may include targeted positions in the capital stack, property type, location, demographics, and other macro-economic variables. Once the Adviser identifies core themes to generate the optimal risk-adjusted returns, the Adviser conducts in-depth research and due diligence to generate specific investment opportunities. During the research process, the Adviser's personnel utilize their investment expertise and leverage their broad relationships with real estate professionals including operating partners, owners, brokers and lenders to analyze specific investments.

Once a deal is acquired, the Adviser undertakes proactive asset management. Investment business plans are reviewed on a monthly basis and rigorously scrutinized at quarterly asset-management meetings. Asset management focuses on optimizing asset-level performance and determining capital allocation strategies including: property-level capital budgeting, financing decisions and exit strategies.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

Asset and Portfolio Management

Individual asset and portfolio risk management are the cornerstones of the Adviser's investment philosophy. The Adviser believes there is a major difference between “deal junkies” who may find profitable investment in a strong market (“beta”) compared to investors that can execute attractive risk-adjusted investments in different economic environments (“alpha”).

During the investment process a team member is assigned to the investment to manage the following: (i) the investment plan; (ii) budget; (iii) property management; (iv) renovations, if any; (v) marketing and leasing plan; (vi) property maintenance and liability insurance coverage; (vii) periodic reporting to any investors or lenders; and (viii) monitoring investment sales market to maximize the returns of each investment.

In addition to regular weekly meetings, the Adviser holds quarterly asset management meetings where each investment is reviewed with a detailed analysis of operating and capital strategies. The Adviser's CFO/COO, has an ongoing responsibility to analyze the entire portfolio for risk. This analysis includes testing fund-level concentration risks and self-imposed fund-level leverage limitations. The CFO/COO formally presents an analysis of these tests at each quarterly meeting.

During the quarterly asset management meeting, assets are reviewed for disposition or refinancing. Several investment managers generate fee income through affiliated asset management companies. The Adviser believes this structure creates a conflict with investors by incentivizing the manager to hold an asset to preserve fee income rather than optimizing investment returns. The Adviser's platform utilizes best in class, third-party asset level managers with terminable contracts for each project to ensure total investor alignment.

Exit Strategy

A critical component of the Adviser's investment strategy is ensuring that each investment has multiple exit options as part of the strategic investment plan. In general, the Adviser underwrites a base case that exceeds target returns of a Fund, as well as prepares a downside case that covers the minimum targeted preferred return. For example, in the case of a subordinate note purchase, exit options that were considered included a par pay-off of the note or the assumption of ownership of the asset through a foreclosure or other deed transfer arrangement

Risk Management

The Adviser's investment philosophy is highly focused on risk mitigation, and therefore prioritizes principal protection first and foremost and the return potential of an asset second. Each individual investment is required to meet the Adviser's stringent risk-adjusted return criteria, which incorporates a balanced focus on both the IRR and return multiple of invested capital. In addition, the Adviser fundamentally believes that leverage should be appropriately tied to the risk profile of an individual investment, and consequently, some acquisitions may be acquired using no leverage while others with more stable cash flow are anticipated to be capitalized with non-recourse financing.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

- B. The Adviser's investment strategy focuses on real estate private equity transactions which involve high degree of business and financial risk that can result in substantial losses and is suitable only for investors prepared to bear such risk. The risks factors below are not intended to be exhaustive. Prospective limited partners in a Fund should carefully review the risks described in the applicable Fund's Offering Documents.

Business Risks; Nature of Investments. A Fund's investment portfolio consists primarily of interests in privately held assets, and operating results in a specified period are difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses. The investments made by a Fund are speculative in nature and the possibility of partial or total loss of capital exists. Investors should not subscribe or invest in the Fund unless they can readily bear the consequences of such loss.

Future and Past Performance. The performance of the Adviser's prior investments is not necessarily indicative of a Fund's future results. While the Adviser intends for each Fund to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that the targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Concentration of Investments. A Fund may participate in a limited number of investments and intends to make its investments in real estate and real estate-related investments. As a result, investment in a Fund does not provide limited partners with the diversity available through the ownership of interests in other entities that invest in different types of businesses. Further, real estate-related investments tend to be long-term and are generally difficult to liquidate, particularly in a short period of time. Therefore, it may be difficult for a Fund to respond quickly to changing conditions or to liquidate its assets quickly.

Difficulty of Locating Suitable Investments. The activity of identifying, completing and realizing on appropriate investments is highly competitive and involves a high degree of uncertainty. Each Fund is competing for investments with other investors, including individual investors, other partnerships, institutional investors and publicly held real estate companies. In general, the availability of desirable investment opportunities and a Fund's investment returns are affected by the level and volatility of interest rates, by conditions in the financial markets and general economic conditions. There can be no assurance that the Adviser will be able to locate and complete investments that satisfy the Fund's investment criteria and rate of return objectives or realize upon their values.

Limited Information; Accuracy of Information. In certain circumstances, the Adviser may not receive access to all available information to determine fully the manner in which the investments have been operated. Further, the Adviser may select investments for a Fund, in part, on the basis of information and data made available to the Adviser by third parties. Although the Adviser evaluates all such information and data and ordinarily seeks independent corroboration when the Adviser consider it is appropriate and when such corroboration is reasonably available, the Adviser may not be in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information may not be available.

Illiquidity. An investment in a Fund should be viewed as illiquid. Distributions to the limited partners depend on cash flow received by the Fund, financial condition and such other

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

factors as the General Partner may deem relevant from time to time. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized.

Leveraged Instruments. A Fund may make use of leverage by incurring or having a subsidiary incur debt to finance a portion of its investment in a given asset. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The use of leverage may increase the exposure of investments to adverse economic factors such as rising interest rates and severe economic downturns. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which state is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. The failure to obtain leverage at the contemplated advance rates, pricing and other terms could have a material adverse effect on a Fund. The use of leverage also results in interest expense and other costs to a Fund which may not be covered by distributions made to the Fund. A Fund may finance the purchase price of its investments, or replace the initial purchase price of its investments, with non-recourse, secured long-term borrowing. Payments under mortgage notes are due regardless of whether there is any income from the properties. If required payments of principal and interest are not made on the mortgage notes and the holders of the mortgage notes foreclose, the Fund may sustain a loss on its investments.

Reliance on the Adviser. Control over the operation of a Fund is vested entirely with the Adviser, and the Fund's future profitability depends largely upon the business and investment acumen of the Adviser and the Managing Principal. The loss of service of one or more of the Managing Principal could have an adverse effect on a Fund's ability to realize its investment objectives. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of the Fund depends entirely on the actions of the Adviser.

Recourse to Fund Assets. Assets of a Fund, including any capital held by the Fund, are available to satisfy the obligations and liabilities of the Fund. If a Fund itself becomes subject to a liability, parties seeking satisfaction of such liability may have recourse to the Fund's assets generally rather than being limited to a particular asset (such as the one giving rise to the liability).

Projections. Projected operating results of an entity in which a Fund invests normally are based primarily on financial projections prepared by the entity's prior owner or manager. In all cases, projections are only estimates of future results that are based upon information received from such third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections.

Follow-On Investments. Following its initial investment in a given asset, a Fund may provide additional funds to such asset or may have the opportunity to increase its investment in a successful asset. There is no assurance that a Fund will make follow-on investments or that the Fund will have sufficient funds to make all or any of such investments. Any decision by the Adviser not to make follow-on investments or its inability to make such investments may have a substantial negative effect on an asset in need of such an investment or may result in a lost opportunity for a Fund to increase its participation in a successful operation.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

Hedging Policies/Risks. The Adviser may employ hedging techniques designed to protect a Fund against adverse movements in interest rates and other risks. While such transactions may reduce certain risks, the transactions themselves may entail certain other risks. Thus, while a Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates or other factors may result in a poorer overall performance for the Fund than if it had not entered into such hedging transactions.

Credit Facility. The Adviser may establish a credit facility for a Fund with one or more financial institutions (a “Credit Facility”). Implementation and utilization of the Credit Facility may result in fees and expenses to a Fund. In order to obtain the Credit Facility, the Adviser expects that (i) it will be required to assign to each such Credit Facility issuer/lender its right to call the undrawn Commitments as may be required to honor any Credit Facility draws and/or repay any loans, including any interest accrued thereon, (b) the limited partners may be required to acknowledge and consent to the assignment of the General Partner’s right in respect thereof and (c) the General Partner may be required to assign its rights with respect to defaulting Limited Partners for such purpose. If the Fund does not honor its obligations pursuant to the Credit Facility, the provider(s) of the Credit Facility may have the right to take action against any limited partner or its interest in the Fund. It is anticipated that financing terms of any such Credit Facility may contain a number of common covenants that, among other things, might restrict the ability of a Fund to (i) acquire or dispose of assets or businesses, (ii) incur additional indebtedness, (iii) make capital expenditures, (iv) make cash distributions, (v) create liens on assets, (vi) enter into leases, investments or acquisitions, (vii) engage in mergers or consolidations, or (viii) engage in certain transactions with affiliates, and otherwise restrict activities of the Fund (including its ability to acquire additional assets, certain changes of control and asset sale transactions) without the consent of the lenders.

- C. Investments by a Fund in real estate investments and debt investments involve a high degree of business and financial risk that can result in substantial losses and is suitable only for investors prepared to bear such risk. The risks factors below are not intended to be exhaustive. Prospective limited partners in a Fund should carefully review the risks described in the applicable Fund’s Offering Documents.

General Real Estate Considerations. Real property investments are subject to varying degrees of risk. These risks include changes in general or local economic conditions, interest rates, availability of mortgage funds, real estate taxes and other operating expenses, environmental changes, acts of God (which may result in uninsured losses), local employment conditions, domestic and foreign competition, and other factors, which are beyond the control of the Fund and the General Partner. Real estate values are affected by a number of factors, including (i) changes in the general economic climate, (ii) local conditions (such as an oversupply of space or a reduction in demand for space), (iii) the quality and philosophy of management, (iv) competition based on rental rates, (v) attractiveness and location of the properties, (vi) financial condition of tenants, buyers and sellers of properties, (vii) quality of maintenance, insurance and management services and (viii) changes in operating costs.

Deterioration of Credit Markets. The Adviser’s ability to generate attractive investment returns may be adversely affected to the extent a Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

Risks Associated with Unspecified Transactions. Each Fund is relying on the ability of the Adviser to identify and evaluate the investments to be made by the Fund. Because such investments generally occur over a substantial period of time, each Fund faces the risks of changes in long-term interest rates and adverse changes in the real estate markets. Even if the investments of a Fund are successful, the returns are not realized by the limited partners for several years.

Development Risks. A Fund may make investments in certain properties involving development that will be subject to all of the risks normally associated with development activities. Such risks include, without limitation, risks relating to (i) the availability and timely receipt of zoning and other regulatory approvals, (ii) the cost and timely completion of construction (including risks beyond the control of the Fund, such as the weather, labor conditions or material shortages) and (iii) the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken.

Investments in Partnerships, Joint Ventures, and Other Entities. A Fund may make investments through partnerships, joint ventures, or other entities. Such investments may involve risks not present in direct property investments, including, but not limited to the possibility that a joint venture partner of a Fund might: (i) become bankrupt, (ii) have economic or business interests or goals which are inconsistent with those of the Fund, or (iii) be in a position to take action contrary to the Fund's objectives.

Uninsured Losses. A Fund likely maintains insurance coverage against liability to third parties and property damage as is customary for similarly situated businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. There are certain types of losses (generally of a catastrophic nature such as those caused by fire, flood, freeze, hail, hurricanes, drought, severe frost, disease, pests, riots and wars) that are uninsurable, not fully insurable or not insurable on economically feasible terms. If such losses occurred to the investment assets, a Fund could lose both its invested capital and profits anticipated therefrom.

Maintenance Costs. The cost of maintaining a Fund's investment assets are substantial. The Adviser plans for adequate working capital to maintain the assets; however, if circumstances change or if the Adviser's projections prove inaccurate, a Fund may not have sufficient working capital to maintain the assets properly.

Resale of Property. The resale potential of the investment assets will be affected by those conditions that affect the value of real estate in general, including the possibility of increased interest rates, declining real estate values, low demand for various types of real estate, changes in demographics, changes in tax laws affecting real estate owners, competition from other properties located in the area, zoning changes, or unfavorable general or local economic conditions. Although the Adviser in some cases seeks real estate that it anticipates will be in the path of development or other resale potential, there can be no assurance that any

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

of the properties acquired will be developed for residential, commercial or any other purpose or increase in value during the time period anticipated by the Adviser or at any time.

Environmental and Contingent Liabilities. A Fund's investments are subject to various federal, state and local laws, ordinances, regulations and administrative rulings, which, among other things, establish standards for the treatment, storage and disposal of solid and hazardous waste. Under such laws, ordinances, regulations and administrative rulings, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. The cost of any required remediation and the owner's liability as to any property generally are not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such hazardous substances, or the failure to properly remediate contamination from such hazardous substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on the Fund's return from such investment. Also, in connection with the disposition of a property, a Fund may be required to make representations about any contingent liabilities inherent in the real estate, such as environmental clean-up costs. A Fund also may be required to indemnify the purchasers of such property to the extent that any such representations are inaccurate.

Distressed Assets. The Fund may make investments that either are or become non-performing or otherwise troubled. These investments may experience financial difficulties that may never be overcome, and there can be no assurance that the Fund's rate of return objectives will be realized or that there will be any return of capital.

Regulatory Matters. The investment assets to be acquired by a Fund are subject to numerous federal, state and local laws and regulations concerning environmental and safety matters, zoning, development, utilities, land use, and similar laws and regulations. Although the Adviser does not anticipate incurring any material costs in compliance with such laws and regulations beyond those regularly incurred, there can be no assurance that future changes in such laws and regulations will not have a material effect on a Fund's operations.

Multi-Step Acquisitions. In the event the Adviser chooses to effect a transaction by means of a multi-step acquisition, there can be no assurance that the remainder can be successfully acquired. This could result in a Fund having only partial access to its cash flow to service debt incurred in connection with the acquisition.

International Real Estate. A Fund may make investments outside of the U.S., in particular in Mexico and Canada. Investing in such countries entails additional risks, including political and sovereign stability, varying and uncertain legal systems, inflation, repatriation and investment limitations, nationalization and/or confiscation without fair compensation, economic and political uncertainty, changes in tax laws, different construction standards, termination of government programs supporting economic growth, real estate development and mortgages, fluctuating currency exchange rates, and other factors.

Interests in Mortgage Loans. A Fund may acquire interests in mortgage loans that at the time of their acquisition or thereafter may be non-performing for a wide variety of reasons with a view towards foreclosing on such mortgage loans and acquiring the property securing such mortgage loans. Such non-performing mortgage loans may require a substantial amount of

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

workout negotiations and/or restructuring. If a Fund does foreclose on collateral securing one or more such mortgage loans purchased by the Fund, the foreclosure process will vary from jurisdiction to jurisdiction and can be lengthy and expensive.

Lack of Operating Control. Prior to the time (or in the event a Fund is unable to) foreclose on any mortgage loan and acquire the property securing such loan, the day-to-day operations of the entities and properties underlying the such mortgage loans in which the Fund invests will be the responsibility of the owners and developers of such entities and properties. Although the Adviser is responsible for monitoring the performance of such mortgage loan investments there can be no assurance that the owners and developers will be able to operate the underlying entities or properties in accordance with their business plans or the expectations of the Adviser.

Lender Liability. A number of judicial decisions in the United States have upheld the right of borrowers to sue lenders on the basis of various evolving legal theories (collectively, termed “lender liability”). Generally, lender liability is founded upon the premise that a lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower, its other creditors or its beneficial owners. Although the Adviser does not intend to engage in conduct that it expects would form the basis for a successful cause of action based upon lender liability, the potential for such cause of action exists.

General Credit Risks. The value of any underlying collateral, the creditworthiness of the borrower, and the priority of the lien are each of great importance. The Adviser cannot guarantee the adequacy of the protection of the interests, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, the Adviser cannot assure that claims may not be asserted that might interfere with enforcement of the rights of the holder(s) of the relevant debt. In the event of a foreclosure, the liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan or the Fund’s investment in such loan, resulting in a loss to the Fund.

Bank Debt Transactions. Special risks associated with investments in bank loans and participations include (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors’ rights laws, (ii) lender-liability claims by the issuer of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations, and (iv) limitations on the ability of the holder of the interest affecting a Fund to directly enforce its rights with respect to participations. Successful claims in respect of such matters may reduce the cash flow and/or market value of certain of a Fund’s assets. Additionally, adverse credit events with respect to any underlying entity or property, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership or distressed exchange, can significantly diminish the value of the Fund’s investment in any such entity or property.

Usury Limitations. Interest charged on loans owned by a Fund may be subject to usury laws imposing maximum interest rates and penalties for violation, including restitution of excess interest and unenforceability of debt.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss (continued)

Second Lien and Unsecured Loans. A Fund may invest in second-lien and unsecured bank loans. In addition to the special risks generally associated with investments in bank loans described above, a Fund's investments in second-lien and unsecured bank loans will entail additional risks, including (i) the subordination of the Fund's claims to a senior lien in terms of the coverage and recovery from the collateral and (ii) with respect to second-lien loans, the prohibition of or limitation on the right to foreclose on a second-lien or exercise other rights as a second-lien holder, and with respect to unsecured loans, the absence of any collateral on which the Fund may foreclose to satisfy its claim in whole or in part. In certain cases, therefore, no recovery may be available from a defaulted second-lien loan.

Mezzanine Loans. A Fund may invest in mezzanine debt interests in entities and properties whose capital structures have significant leverage ranking ahead of the Fund's investments. While the Adviser anticipates that a Fund's investments will usually benefit from the same or similar financial and other covenants as those enjoyed by the leverage ranking ahead of the Fund's investments and will usually benefit from cross-default provisions, some or all of such terms may not be part of particular investments. The Adviser anticipates that the Fund's usual security for its investments in such cases will be pledges of ownership interests, directly and/or indirectly, in a property-owning entity, and in many cases the Fund may not have a mortgage or other direct security interest in the underlying real estate assets. Moreover, it is likely that a Fund will be restricted in the exercise of its rights in respect of its investments by the terms of subordination agreements between it and the debt ranking ahead of the mezzanine capital. Accordingly, the Adviser may not be able to take the steps necessary to protect such investments in a timely manner or at all.

For a more complete description of the risks associated with investing in a Fund, investors should refer to the relevant Offering Documents for each Fund.

Item 9 - Disciplinary Information

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

There are no legal or disciplinary events that are material to an evaluation of the Adviser's advisory services or the integrity of management.

Item 10 - Other Financial Industry Activities and Affiliations

- A. The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.
- B. Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.
- C. The Adviser has no relationships or arrangements with any related person listed in the instructions to Item 10.C. that are material to its advisory business or to the Funds.
- D. The Adviser does not recommend or select other investment advisers for the Funds.

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

- A. The Adviser has adopted a written Code of Ethics (the “Code”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. The Adviser prohibits personal trading on certain securities or instruments; requires pre-clearance of personal trades in certain circumstances, including purchases of an IPO or a new private placement; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

While the Adviser very rarely has access to non-public information relating to public companies, as part of its Code, the Adviser has established procedures to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the firm has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information, in all instances where any professional of the Adviser has received material, non- public information, and, therefore, may not trade on the basis of that information.

The Adviser will provide a copy of the Code to any investor or prospective investor upon request.

- B. Affiliates of the Adviser serve as the General Partners to the Funds, which issue partnership interests to third party investors.

Additionally, as noted in Item 5 above, affiliates of the Adviser may receive Transaction Fees from portfolio companies and other third parties. The Management Fee payable by a Fund are reduced by 100% of the amounts of any of these Transaction Fees received by the Adviser or its affiliates with respect to such Fund's investments.

Other than with respect to these structures, neither the Adviser nor any of its related persons recommend to the Funds, or buy or sell for Funds, investments in which the Adviser or any related persons have a material financial interest.

- C. The Managing Principal generally makes significant capital commitments to the Funds. Such amounts may be invested pro rata with the limited partners of each Fund in all Fund portfolio investments. Other than any such investments in the Funds, neither the Adviser nor any of its related persons invest in the same or related securities that either the Adviser or its related persons recommend to the Funds.
- D. Neither the Adviser nor any related person recommends investments to the Funds, or makes investments for the Funds, at or about the same time that the Adviser or its related persons buys or sells the same investments for their own account.

Item 12 - Brokerage Practices

- A. The Adviser's investment strategy involves acquiring direct real estate property investments and real estate loans. While the Funds may invest in debt or loans secured by real estate assets, the Funds do not purchase or sell publicly traded equity securities. As a result, the Adviser does not select or recommend broker-dealers for the purchase and sales of securities for the Funds.

The Adviser does not maintain any trading accounts and does not use "soft" dollars received from broker-dealers from the purchase and sales of securities for the Funds. However, the Adviser may receive ancillary benefits from real estate brokers used by the Adviser for the Funds' non-securities transactions, such as the purchase or sale of real estate property. Such benefits may include research services, introductions to sellers, buyers, lenders and other service providers, underwriting services, and such other services typically provided by real estate brokers to their clients. The Adviser does not select real estate brokers based on the potential to receive any ancillary benefits and does not cause any Fund to pay a higher commission than those charged by other real estate brokers in return for these benefits.

- B. Not Applicable.

Item 13 - Review of Accounts

- A. The Adviser maintains comprehensive review procedures for the ongoing monitoring of portfolio investments. In connection therewith, the Adviser holds quarterly asset management meetings where each investment are reviewed with a detailed analysis of operating capital and capital strategies. All firm investment and operational staff participate in this meeting. The Adviser's CFO/COO, has an ongoing responsibility to analyze the entire portfolio for risk. This analysis includes testing fund-level concentration risks and self-imposed fund-level leverage limitations.
- B. See Item 13.A. above.
- C. Annually, the Adviser assists each Fund in furnishing all limited partners with (i) audited written financial statements prepared in accordance with generally accepted accounting principles, accompanied by the report of its independent certified public accountants, and (ii) tax information necessary for the completion of tax returns. In addition, on a quarterly basis, the Adviser assists each Fund in developing unaudited financial statements that the Fund furnishes to its limited partners. Such reports are sent to the limited partners of a Fund by such Fund's General Partner following review by the Adviser.

Item 14 - Client Referrals and Other Compensation

- A. The Adviser does not receive any economic benefit, including sales awards or prizes, from any third party for providing advisory services to the Funds.
- B. The Adviser may enter into agreements with certain placement agents that provide for compensation to be paid to the placement agents for referring limited partners to the Funds. Under these agreements, the placement agents will typically receive a percentage of the Capital Commitments attributable to each prospective limited partner referred depending upon the specific circumstances. In such cases, details of the arrangement will be provided to the limited partner. All such arrangements will be in accordance with all applicable laws and regulations, including Rule 206(4)-3 of the Advisers Act.

Item 15 - Custody

The Adviser may be deemed under Rule 206(4)-2 of the Advisers Act to have custody of the assets of the Funds by virtue of the fact that it is under common control with the General Partner of each Fund. All assets and securities of the Funds are held by qualified custodians with the exception of assets that are considered to be “privately offered securities” under Rule 206(4)-2(b). Fund limited partners receive annual financial statements audited by an independent public accounting firm within 120 days of a Fund’s fiscal year end. Fund limited partners are urged to carefully review such statements.

Item 16 - Investment Discretion

The Adviser exercises its discretion in managing the investments of each Fund subject to the Fund's particular investment objectives, policies, and strategies disclosed in its Offering Documents. In connection with this discretionary authority, the Adviser selects portfolio company investments for each Fund. The Adviser exercises its discretionary authority over the assets of the Funds through a management agreement entered into with the General Partner of each Fund.

Item 17 - Voting Client Securities

The Adviser's investment strategy involves acquiring direct real estate property investments and real estate loans. While the Funds may invest in debt or loans secured by real estate assets, the Funds do not purchase or sell publicly traded equity securities. As a result, the Adviser does not invest the Funds in public equity securities and therefore does not receive proxies on behalf of the Funds.

Item 18 - Financial Information

- A. The Adviser does not require or solicit prepayment of any fees.
- B. The Adviser does not believe it has any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Funds.
- C. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years.