

ADV PART 2A BROCHURE

ITEM 1: COVER PAGE

PART A:

Name: Intercontinental Real Estate Corporation

Business Address: 1270 Soldiers Field Road
Boston, MA 02135

Contact Information: (617) 782-2600

Website Address: www.intercontinental.net

Date: March 31, 2015

PART B:

This brochure provides information about the qualifications and business practices of Intercontinental Real Estate Corporation (“Intercontinental”). If you have any questions about the contents of this brochure, please contact us at (617) 782-2600. 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 Intercontinental also is available on the SEC’s website at www.adviserinfo.sec.gov.

PART C:

Registration with the SEC does not imply a certain level of skill or training.

Item 2: MATERIAL CHANGES

Material Changes Since the Last Update

The following is a summary of the material changes made to this brochure since the last annual update made March 31, 2014.

- Intercontinental has appointed a new Chief Compliance Officer, Mr. Kendall E. Brook. Mr. Brook can be reached at 617-782-2600; and
- Intercontinental added Alissa Crafa, Director of Research and Portfolio Analysis, as a member of Intercontinental’s Investment Committee.

Brochure Availability

Intercontinental will provide you with a new brochure as necessary based upon changes or new information at any time, without charge. Currently, this brochure may be requested by contacting Intercontinental at 617-782-2600. Additional information about Intercontinental is also available via the SEC’s Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

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Item 4: ADVISORY BUSINESS

Part A – Advisory Business

Description of Firm

Intercontinental is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Act”). Intercontinental is an investment advisory firm that serves as a real estate investment manager. Intercontinental provides investment management services relating to the direct or indirect acquisition, ownership, operation, financing and sale of real estate and interests in real estate. These direct and/or indirect interests in real estate include, without limitation, the following: the purchase of real property through fee ownership; the acquisition of interests in real estate related partnerships or other investment vehicles; the making of mortgages encumbering real property; and the purchase, sale and management of performing and non-performing loans which consist primarily of loans secured by real estate. Intercontinental or an affiliate generally serves as the investment manager of commingled private equity investment funds and separate accounts. Such funds typically are structured as limited liability companies or limited partnerships.

Types of Clients

Intercontinental’s clients are primarily institutional clients such as pension plans, trusts, endowments, foundations, and similar entities. Clients invest either in “pooled investment vehicles” (also referred to as “commingled funds”) or “separate accounts”. The pooled investment vehicles sponsored by Intercontinental are also viewed as clients of Intercontinental.

Time in Business

Intercontinental initially registered with the SEC on July 23, 1999 and has been in the real estate business since 1959.

Principal Owner

Peter Palandjian is the principal owner of Intercontinental. Mr. Palandjian and a limited liability company wholly owned by a trust for the benefit of Mr. Palandjian’s family currently owns 100% of Intercontinental’s common stock.

Part B - Advisory Services

Intercontinental provides a variety of investment advisory services. However, Intercontinental’s investment advice is limited to real estate related matters and investments. Intercontinental invests in real estate and real estate related investments on behalf of its clients and provides advice regarding real estate investments. Intercontinental does not generally limit the types of real estate investment it makes, but rather strategically invests across all property types. Intercontinental also enters into joint venture arrangements with strategic partners and makes loans, or enters into structured finance transactions secured, directly or indirectly, by real estate, on behalf of the firm’s

clients. The various services Intercontinental provides to its clients are defined and described in more detail below.

Pooled Investment Vehicles

Intercontinental provides advisory services to pooled investment vehicles sponsored by Intercontinental. A pooled investment vehicle is an investment vehicle in which multiple investors invest. Intercontinental serves as the manager or general partner for several pooled investment vehicles. The investors in these vehicles hold an ownership interest in the vehicle and do not directly own real estate. Currently, three of these pooled investment vehicles are closed-end and two of these vehicles are open-end, although additional pooled investment vehicles may be sponsored by Intercontinental in the future. A closed-end investment vehicle is one that has a fixed term after which the pooled investment vehicle liquidates its assets. Investors who invest in a closed-end pooled investment vehicle are generally obligated, by the terms of the governing agreements for the closed-end vehicle, to remain invested until the end of the term, although subject to prior approval may be allowed to assign their interests to others. An open-end vehicle has an indefinite life and investors are allowed to invest and/or redeem their investment in the pooled investment vehicle each quarter, subject to the terms of the operating agreement for the open-end vehicle.

Separate Accounts

From time to time, Intercontinental also provides real estate investment management services to eligible clients on a separate account basis. Typically, Intercontinental's clients grant Intercontinental discretionary authority to select the real estate investments to be made on behalf of such clients. Intercontinental generally also has discretion to determine when to sell such real estate investments. Fees for such services are negotiable.

QPAM / Consulting Services

In addition to Intercontinental's primary business of investing in real estate, Intercontinental serves as a consultant to various pension plans as a Qualified Professional Asset Manager ("QPAM") under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), with regard to various matters in which the services of a QPAM are required. Such services include:

- reviewing and advising on the client's proposed real estate transactions;
- evaluating and advising on conflicts of interest in real estate related transactions;
- providing oversight of the development of real estate construction projects;
- conducting due diligence for potential real estate investments;
- providing analysis of various strategic decisions associated with leases, investments, development, dispositions and evaluation of investment decisions; and
- evaluating investments which have been completed to determine whether they meet various industry and fiduciary standards.

Part C - Tailored Advisory Services

Intercontinental provides advisory services to the pooled investment vehicles it sponsors tailored to the specific goals, objectives and operating guidelines of each vehicle. Intercontinental's advisory services for separate account clients are tailored to each such client's objectives and are outlined in the investment management agreement executed with each such client.

Part D - Wrap Fee Programs

Not applicable. Intercontinental does not participate in wrap fee programs.

Part E – Clients' Assets Managed on a Discretionary Basis

The amount of client assets Intercontinental managed on a discretionary basis, as of December 31, 2014 was \$3,891,043,272. Intercontinental is deemed to manage client assets on a "discretionary" basis when its clients have given Intercontinental the discretion to determine the real estate investments to make and when to buy and sell those investments. However, even in these instances, Intercontinental's discretion is subject to limitations and restrictions as outlined by the client in the investment management agreement, in investment guidelines, or in an investment policy statement.

Item 5: FEES AND COMPENSATION

Part A - Compensation Method; Fee Schedule; Negotiability

Fees – Pooled Investment Vehicles

Intercontinental receives an asset management fee with respect to each investor's investment in the pooled investment vehicles. The asset management fees range from an annual rate of 0.75% to 1.25%, and vary depending on the pooled investment vehicle sponsored by Intercontinental. In some pooled investment vehicles, the annual management fee is calculated and payable based on the actual amount received by the fund from an investor and in some cases the annual management fee is calculated and payable based on the investor's total capital commitment. Fees are calculated and paid quarterly in arrears. The governing documents of each pooled investment vehicle state the specific fee schedule for such pooled investment vehicle. Fees within a given pooled investment vehicle are typically not negotiable by the investors.

In addition and in some of the pooled investment vehicles, Intercontinental receives a performance fee. The performance fees range from 20% to 25% of the profits of the pooled investment vehicle once the investors have received a full return of their capital plus a stated return on the invested capital, and vary depending on the pooled investment vehicle sponsored by Intercontinental. Performance fees are calculated and paid upon achievement of performance hurdles set forth in each pooled investment vehicle operating agreement. These hurdles take into consideration the financing, refinancing, liquidation or other disposition of the assets in the fund. Performance fees are charged in compliance with Rule 205-3.

Fees – Separate Accounts

Fees for activities undertaken on behalf of separate account clients are typically negotiable.

Fees - QPAM / Consulting Services

Fees for QPAM/Consulting Services are flat rate fees which are negotiable and commensurate with the services agreed upon within Intercontinental's engagement letter for such services. Intercontinental may also receive reimbursement for expenses incurred in connection with the provision of QPAM/Consulting Services. Fees associated with these services are typically invoiced, paid in arrears, and determined at the time of inception.

Part B - Method of Payment

Intercontinental's fees are generally paid quarterly in arrears. Intercontinental deducts fees from distributions to investors who have invested in its open-end pooled investment vehicles. In the case of the closed-end pooled investment vehicles, Intercontinental deducts its fees from the investor's investment directly. Performance based fees are payable in accordance with the terms of the governing documents for those pooled investment vehicles that provide for such a fee.

Intercontinental typically bills its separate account clients for the fees incurred.

The method for payment of Intercontinental's fees is fixed by the terms of the governing documents applicable to an investment in the pooled investment vehicles. Thus, investors who invest in such investments may not select which method of payment they would prefer.

Part C – Other Types of Fees or Expenses

Except as noted in this Brochure, investors who invest in Intercontinental's pooled investment vehicles are not obligated to pay other fees or expenses in connection with the advisory services Intercontinental provides to the pooled investment vehicle. The pooled investment vehicles reimburse Intercontinental for various expenses incurred in connection with the management of the vehicle. Such reimbursement is subject to the limitations specified in the governing agreements for such pooled investment vehicles.

The investment management agreements between Intercontinental and its separate account clients or QPAM clients specify any other fees required to be paid by the client.

Any obligation to reimburse Intercontinental for expenses, however, would be negotiated and outlined in the independent fiduciary services or management agreement entered into between Intercontinental and client.

Part D – Pre-Paid Fees

Intercontinental's fees are generally earned when services are provided and are generally paid in arrears as described in other parts of this Brochure and in the operating agreements of the pooled investment vehicles.

Part E – Compensation for the Sale of Securities

Neither Intercontinental nor any of Intercontinental's employees accepts compensation for the sale of securities or other investment products.

Item 6: PERFORMANCE-BASED FEES AND CONFLICTS OF INTEREST

The investment management agreement between Intercontinental and certain of the pooled investment vehicles it sponsors provides Intercontinental with the opportunity to receive a performance-based fee in addition to the asset-based fees described in Item 5, Part A. Such fees are summarized in the offering documents related to such vehicles. Intercontinental's receipt of performance-based fees may incentivize Intercontinental to make investments that are riskier or more speculative than it would make in the absence of performance-based fees. With respect to the pooled investment vehicles that Intercontinental manages, the performance-based fee arrangements are not the product of arm's length negotiations with third parties. All performance-based fees are calculated and paid in accordance with Section 205 and Rule 205-3 under the Act.

Conflicts of Interest

Intercontinental believes that incentive fees serve to align Intercontinental's interests with those of its clients. The potential exists, however, for these incentive fees to create a conflict of interest. For example, Intercontinental could be motivated to devote more resources or allocate more favorable investment opportunities to accounts offering Intercontinental the potential to earn an incentive fee.

Any potential conflicts of interest that might otherwise exist due to performance-based fee accounts are mitigated by Intercontinental's rigorous application of its asset management procedures. Intercontinental applies a consistent approach to asset management across all assets under its management regardless of the fee structure of the account in which the asset is held. All assets under management receive the same detailed attention and management. Compliance with Intercontinental's policies and procedures related to the management of the firm's assets and any potential conflicts of interest are monitored by the firm's Chief Compliance Officer, members of the firm's senior management and Intercontinental's Investment Committee. Intercontinental has also established an Advisory Board for some of its pooled investment vehicles which advise on any potential conflicts of interest.

Item 7: TYPES OF CLIENTS

Intercontinental serves primarily as a real estate investment manager for pension plans regulated by ERISA and for government pension plans not subject to ERISA. In addition, Intercontinental

serves as an advisor to various trusts, endowments, foundations, and similar institutional entities. Intercontinental also serves as real estate investment manager for individuals who meet the requirements for investment in such pooled investment vehicles.

The minimum initial investment in the pooled investment vehicles sponsored by Intercontinental typically ranges from \$1 million to \$2 million although Intercontinental, in its sole discretion, may accept investments of less than these amounts. Intercontinental has not established a minimum account size for establishing a separate account.

Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Part A – Methods of Analysis; Investment Strategies

The investment criteria used by Intercontinental for investing in or disposing of an individual real estate related asset is governed by the specific investment strategy adopted for each applicable pooled investment vehicle or individual client's portfolio.

Intercontinental's analysis of any particular investment includes a comprehensive review of the investment, negotiation of the terms of the transaction, due diligence regarding the investment and underwriting of the terms of the investment. During such process, Intercontinental may engage experts in the field of construction, leasing, brokerage, environmental engineering and property management to evaluate:

- the specific property;
- the current or potential tenants in such property; and
- the market or submarket in which the property is located.

Intercontinental is active in the management of the real estate assets held in its pooled investment vehicles. In determining whether to acquire a real estate asset or make a particular investment on behalf of its pooled investment vehicles, Intercontinental utilizes a team-oriented, research-focused, pro-active investment process and a clearly defined investment strategy that:

- identifies each potential asset's inherent competitive strengths and opportunity for unrealized value;
- evaluates those factors that have the most impact on value; and
- focuses on executing the acquisition/asset management/disposition process to maximize value.

Intercontinental's Investment Committee determines all assets to be purchased on behalf of its pooled investment vehicles. The Investment Committee is made up of the following individuals:

Peter Palandjian
Born 1964
Harvard College, B.A., 1987
Harvard Business School, M.B.A., 1993
Chairman, Chief Executive Officer and President

Paul J. Nasser
Born 1961
University of Rhode Island, B.A., 1983
Suffolk University, M.B.A., 1998
Chief Financial Officer and Chief Operating Officer

Thomas R. Taranto, Jr.

Born 1961
Bentley College, B.S., 1980
Director of Acquisitions, Asset & Portfolio Management

Steven M. Centrella
Born 1961
Lake Forest College, B.S., 1984
Senior Director of Acquisitions

Michael F. Keyes
Born 1972
Brown University, B.A., 1995
The Tuck School of Business at Dartmouth, M.B.A., 2003
Director of Acquisitions

David S. Carella
Born 1966
Quincy College, Business
Director of Finance

Jessica Levin
Born 1978
University of Wisconsin, Madison, B.A., 2000
Director of Acquisitions

Alissa Crafa
Born 1973
University of Connecticut, 1995
Director of Research & Portfolio Analysis

Investments in real estate involve economic and business risks inherent in real estate investments as described in detail in Part C below. Real estate related investments involve a risk of loss that clients and investors in pooled investment vehicles should be prepared to bear.

Part B – Material Risks of the Investment Strategies Utilized by Intercontinental

Intercontinental seeks to achieve client objectives through prudent investment and the application of investment guidelines to its pooled investment vehicles and separate accounts.

The investment strategies utilized by Intercontinental pose potential risks that may include:

- impacts related to investing in particular geographic locations;
- impacts related to investing in particular property types; and
- impacts related to the exposure to industries represented by tenants in one or more properties in which such pooled investment vehicles invest.

In addition to geographic, property sector, and economic risks, the various investment strategies used by Intercontinental involve risk that can be identified as falling into three broad categories listed below. Intercontinental addresses these broad risk categories as follows:

Management-Related Risks

Intercontinental seeks to provide full transparency to clients and their advisors in all phases of the firm's operations. The firm has instituted a strictly enforced disclosure, ethics, and compliance program to seek to assure that all potential conflicts of interest are fully considered and disclosed.

Market-Related Risks

Intercontinental actively tracks and forecasts real estate market conditions at the submarket level. From this data, Intercontinental then identifies potential opportunities and risks related to real estate market conditions through its target market analysis.

Property-Related Risks

Intercontinental has developed a systematic process for evaluating each property's characteristics including lease rollover, tenant credit and other property-specific risks. The ability to attract and retain tenants and to underwrite tenant creditworthiness accurately fluctuates depending on overall economic conditions.

Part C - Material Risks of Investing in Real Estate and Pooled Investment Vehicles

Limited Rights; Dependence on Intercontinental

All investment decisions are made by Intercontinental's Investment Committee. An investor will have no right to take part in an investment by, the management of or otherwise control the business

of Intercontinental and its subsidiaries; provided, however, that Intercontinental may, at its sole discretion, provide certain investors with co-investment opportunities with respect to certain investments. Accordingly, no investment should be made unless the investor is willing to entrust substantially all aspects of investment, management and administration to Intercontinental.

Long Term Investing and Redemptions

The majority of Intercontinental's pooled investment vehicles are closed-end. As previously discussed, closed-end pooled investment vehicles are for a fixed term and the investor may not redeem its interest ("Interest" or Interests") until the end of the term of the vehicle as set forth in the operating agreement for such vehicle. Subject to certain restrictions which are described in more detail in the operating agreements, an investor in Intercontinental's open-end pooled investment vehicles will have the right to elect to have some or all of its Interests redeemed. Outstanding redemption requests with respect to redeemable Interests are accommodated each calendar quarter as liquid assets permit. Interests are redeemed at a price which reflects their net asset value on the last day of the calendar quarter immediately preceding the date of redemption, as adjusted. The redemption price will be paid only as liquid assets are available as determined by Intercontinental in its discretion after taking into account the cash needs for ongoing expenses (including debt payments), investments, capital expenditures and reserves. Therefore, interests may not be redeemed for some period (even if liquid assets are available) and may be redeemed by means of two or more partial payments made over a period of time and an investor who gives a redemption notice will not know the redemption price until its interest is actually redeemed. The redemption price ultimately paid may not accurately reflect the fair value of the Interests being redeemed.

Restrictions on Transfers and Redemptions

No public or private market presently exists for the Interests being offered in Intercontinental's pooled investment vehicles. The Interests have not been, and it is not presently contemplated that they will be, registered under the Securities Act of 1933, as amended. Accordingly, it is not likely that a public market will develop and no assurances can be given that an active private market will develop. Transferability of the Interests is subject to compliance with applicable securities laws and tax law requirements and the consent of Intercontinental. Thus, an investor desiring to liquidate its investment in an open-end vehicle may have to rely on the redemption provisions.

Risk of Unspecified Investments

There is no information as to the nature and terms of any future investments that Intercontinental might make that an investor can evaluate when determining whether to invest in a pooled investment vehicle, and investors will not generally have an opportunity to evaluate for themselves or to approve the portfolio investments. Investors must rely solely on Intercontinental with respect to the selection, amount, character and economic merits of each potential investment.

Short-Term Investments

Working capital as well as the net cash flow from the operation, sale or refinancing of Intercontinental's investments or the issuance of Interests may be invested in short-term

investments pending the application thereof to real estate investments. The investment returns from these investments is likely to be lower than the investment returns from real estate investments.

Availability of Suitable Investments

The ability to identify and acquire appropriate properties and other investments which satisfy each pooled investment vehicle's investment objectives is difficult and involves a degree of uncertainty. There can be no assurance that Intercontinental will be able to identify and complete investments that meet the investment objectives or that Intercontinental will be able fully to invest the available capital. Intercontinental encounters competition in connection with its selection of properties from other institutional investors, some of which may have greater financial and other resources and more extensive experience than Intercontinental. There can be no assurance that there will be a sufficient number of suitable properties available for acquisition or investment by Intercontinental or that the investments made by Intercontinental will generate the targeted rate of return on invested capital.

Use of Liquid Asset

Any or all liquid assets determined by Intercontinental to not be necessary for ongoing expenses (including debt payments), investments, capital expenditures or reserves may be used to satisfy redemption requests in Intercontinental's open-end pooled investment vehicle. Therefore, investors in such open-end vehicle may not receive distributions of such liquid assets.

Limitation of Recourse and Indemnification of Manager

Each of Intercontinental's pooled investment vehicle's operating agreements will limit the circumstances under which Intercontinental and its affiliates will be held liable to the vehicle. As a result, investors may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the operating agreements may provide that the vehicle will indemnify Intercontinental and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the vehicle. Such indemnification obligations could materially impact the returns to investors.

Investment Company Act of 1940

The pooled investment vehicles will not register under the Investment Company Act of 1940 (the "Investment Company Act"). Intercontinental strives to conduct the activities (and the activities of its subsidiaries) so as not to be subject to the restrictions to which a registered investment company under the Investment Company Act would be subject and differ significantly in many respects from a registered investment company. Investors do not have the benefits and protections arising out of the registration under the Investment Company Act. However, if any pooled investment vehicle (or any of its subsidiaries) were to become subject to the Investment Company Act because of a change of law or otherwise, the various restrictions imposed by the Investment Company Act and the substantial costs and burdens of compliance therewith could adversely affect the operating results and financial performance of the vehicle. Moreover, parties to a contract with an entity that has improperly failed to register as an investment company under the Investment

Company Act may be entitled to cancel or otherwise void their contracts with the unregistered entity.

Diversification of Risk

Although Intercontinental strives to acquire and manage a diversified portfolio of properties, it may not be able to achieve that goal. As a consequence, the aggregate return of any pooled investment vehicle may be adversely affected. The ability of Intercontinental to diversify the risks of making investments depends upon a variety of factors, including the location, type, size and quality of the property being acquired. There can be no assurance that Intercontinental's investments will provide a desired level of diversification.

Prevention of Money Laundering

The Uniting and Strengthening America By Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT Act"), signed into law on and effective as of October 26, 2001, requires that financial institutions establish and maintain compliance programs to guard against money laundering activities. The USA PATRIOT Act requires the Secretary of the U.S. Treasury ("Treasury") to prescribe regulations in connection with anti-money laundering policies of financial institutions. The Financial Crimes Enforcement Network ("FinCEN"), an agency of the Treasury, has issued proposed regulation that would subject certain pooled investment vehicles to enact anti-money laundering policies. If a final regulation is issued by FinCEN in a form similar to the proposed regulation, it could require Intercontinental or other service providers to the pooled investment vehicles, in connection with the establishment of anti-money laundering procedures, to share information with governmental authorities with respect to investors in the Interests. Such legislation and/or regulations could require Intercontinental to implement additional restrictions on the transfer of the Interests. Intercontinental reserves the right to request such information as is necessary to verify the identity of an investor and the source of the payment of subscription monies, or as is necessary to comply with any customer identification programs required by FinCEN and/or the U.S. Securities and Exchange Commission. In the event of delay or failure by the applicant to produce any information required for verification purposes, an application for or transfer of Interests and the subscription monies relating thereto may be refused.

Possible Legislative or Other Developments

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the Internal Revenue Service and the U.S. Department of Treasury, resulting in revisions of resolutions and revised interpretations of established concepts as well as statutory changes. Therefore, no assurance can be given that the currently anticipated income tax treatment of an investment in any pooled investment vehicle will not be modified by legislative, judicial or administrative changes, possibly with retroactive effect, to the detriment of investors.

Currency and Exchange Rates

The functional currency of the pooled investment vehicles is the U.S. dollar. Accordingly, non-U.S. investors are subject to the risks associated with fluctuations in currency exchange rates between the U.S. dollar and their national currencies.

Investment in Real Estate Generally

Intercontinental generally invests in equity ownership interests in real estate. Accordingly, the investments are subject to the risks incident to the ownership of real estate and, to the extent the investments are leveraged, the risks incident to borrowing funds, including risks associated with changes in the general economic climate, changes in the overall real estate market, local real estate conditions, the financial condition of tenants, buyers and sellers of properties, supply of or demand for competing properties in an area, technological innovations that dramatically alter space and demand requirements, the availability of financing, changes in interest rates, competition based on rental rates, energy and supply shortages, various uninsured and uninsurable risks and government regulations. Furthermore, there can be no assurance that there will be tenants for the portfolio properties.

Investments in Real Estate Debt

Intercontinental may invest in a variety of real estate-related debt investments. In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real property investments, the pooled investment vehicles will be subject to a variety of risks in connection with such debt investments, including the risks of illiquidity, lack of control, mismanagement or decline in value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on the vehicle's exercise of contractual remedies for defaults of such investments.

Mortgage Investments

To the extent Intercontinental does make certain mortgage investments, Intercontinental generally expects to originate, participate in and/or acquire real estate loans that are non-recourse to the borrower. Mortgage investments have special inherent risks relative to collateral value. To the extent Intercontinental makes or acquires subordinated or mezzanine debt investments, Intercontinental does not anticipate having absolute control over the underlying collateral as Intercontinental will be dependent upon third-party borrowers and agents and will have rights that are subordinate to those of senior lenders. In certain circumstances, Intercontinental loans may not be secured by a mortgage, but instead by membership interests or other collateral that may provide weaker rights than a mortgage. In any case, in the event of default, Intercontinental's source of repayment will be limited to the value of the collateral and may be subordinate to other lienholders. The collateral value of the property may be less than the outstanding amount of the pooled investment vehicle's investment. Returns on an investment of this type depend on the borrower's ability to make required payments, and, in the event of default, the ability of the loan's servicer to foreclose and liquidate the mortgage loan.

Investments in Operating Companies

Intercontinental generally invests in equity ownership interests in entities that own real estate and real estate-related assets. Although the primary objective of each entity in which Intercontinental invests will be the ownership of real estate, not all of the assets owned by such entities will be real estate assets or real estate-related assets. Such entities may have pre-existing liabilities or liabilities unrelated to the ownership of real estate assets that are different than and in addition to the other risks described herein.

Environmental Matters

Real property is subject to U.S. federal and state environmental laws, regulations and administrative rulings which, among other things, establish standards for the treatment, storage and disposal of solid and hazardous waste. Real property owners are subject to U.S. federal and state environmental laws which impose joint and several liability on past and present owners and users of real property for hazardous substance remediation and removal costs. Therefore, there may be exposure to substantial risk of loss from environmental claims arising in respect of any property with undisclosed or unknown environmental problems or as to which inadequate reserves have been established.

Non-Controlled Investments

There may be shared or limited control with respect to the Intercontinental's investments. Those investments may involve risks not present in other types of investments, such as the possibility that the other party(ies) may become bankrupt or have economic or business interests or goals inconsistent with those of the Manager. Actions taken by those persons may subject the investment to liabilities in excess of or other than those contemplated by Intercontinental. It may also be more difficult for Intercontinental to sell the pooled investment vehicle's interests in those investments. If control over an investment is shared with another person, deadlocks could result which could delay the execution of the business plan for the investment, require Intercontinental to engage in a buy-sell of the venture with the co-venturer or partner or conduct the forced sale of such investment or otherwise adversely affect the investment's returns or value. In addition, joint ventures and other entities in which Intercontinental invests may provide compensation to the other joint venturer or other parties in connection with the acquisition, financing, asset management, property management, leasing, development, construction and disposition of investments.

Lack of Liquidity

Investments in real estate are highly illiquid and subject to industry cycles, downturns in demand, market disruptions and the lack of available capital from potential lenders or investors (whether to finance or refinance the vehicle's properties or for potential purchasers of such properties). Accordingly, there can be no assurance that Intercontinental will be able to dispose of the vehicle's properties in a timely manner and/or on favorable terms.

Risks of Leverage

Indebtedness may be incurred in connection with the operations of the pooled investment vehicles. The use of leverage involves a high degree of financial risk and may increase the effect on the

portfolio properties of factors such as rising interest rates, downturns in the economy or deterioration in the condition of the properties. Principal and interest payments on any indebtedness would have to be made when they become due and payable regardless of whether sufficient cash is available. If sufficient cash flow is not available, a default in paying such principal and interest could result in foreclosure of any security instrument securing the debt, the complete loss of the capital invested in the particular property and, in some cases, recourse by the lender to other portfolio properties. Certain tax-exempt investors may be subject to unrelated business taxable income because of the vehicle's use of leverage.

Possibility of Future Terrorist Activity

The terrorist attacks of September 11, 2001 disrupted the U.S. financial and insurance markets and negatively impacted the U.S. economy in general, increasing many of the risks noted in this Memorandum. Each pooled investment vehicle's properties, or the areas in which they are located, could be subject to future acts of terrorism. In addition to the potential direct impact of any such future act, future terrorist attacks and the anticipation of any such attacks could have an adverse impact on the U.S. financial and insurance markets and economy, thus harming leasing demand for and the value of the vehicle's properties. It is not possible to predict the severity of the effect that such future events would have on the U.S. financial and insurance markets and economy or the vehicle's properties. These events may have a negative effect on the business and performance results of one or more of the vehicle's properties, including by raising insurance premiums and deductibles and limiting available insurance coverage for each vehicle's properties.

Insurance May Not Cover All Losses

Uninsured and underinsured losses could harm Intercontinental or its pooled investment vehicles financial condition, results of operations and ability to make distributions to its investors. Various types of catastrophic losses, such as losses due to wars, riots, nuclear reaction, terrorist acts, earthquakes, floods, hurricanes, pollution or environmental matters, generally are either uninsurable or not economically insurable, or may be subject to insurance coverage limitations, such as large deductibles or co-payments. In the event of a catastrophic loss, Intercontinental's insurance coverage may not be sufficient to cover the full current market value or replacement cost of its lost investment. Should an uninsured loss or a loss in excess of insured limits occur, Intercontinental could lose all or a portion of the capital it has invested in an investment, as well as the anticipated future revenue from the investment. In that event, the vehicle might nevertheless remain obligated for any notes payable or other financial obligations related to the investment, in addition to obligations to the vehicle's ground lessors, franchisors and managers. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the portfolio properties pledged as collateral for loans and other factors might also keep the vehicle from using insurance proceeds to replace or renovate an investment after it has been damaged or destroyed. Under those circumstances, the insurance proceeds the vehicle receives might be inadequate to restore the vehicle's economic position on the damaged or destroyed investment.

Harmful Mold and Other Air Quality Issues

When excessive moisture accumulates in buildings or on building materials, mold may grow, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of Intercontinental's properties could require Intercontinental to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the affected property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose the property owner to liability from its tenants, employees of its tenants and others if property damage or health concerns arise.

Americans with Disabilities Act and Similar Laws

Under the Americans with Disabilities Act of 1990 (the "ADA"), all public accommodations must meet federal requirements related to access and use by disabled persons. If one or more of the properties in any vehicle's portfolio does not comply with the ADA, then the vehicle may be required to incur costs to bring the property into compliance, which may or may not have been foreseen at the time of acquisition. Future changes to federal, state and local laws also may require modifications to the vehicle's properties, or restrict the vehicle's ability to renovate its properties. Intercontinental cannot predict the ultimate cost of compliance with the ADA or other legislation. If any pooled investment vehicle incurs substantial costs to comply with the ADA and any other similar legislation, the pooled investment vehicle's financial condition, results of operations, cash flow, cash available for distribution and ability to satisfy its debt service obligations could be materially adversely affected.

Item 9: DISCIPLINARY INFORMATION

Part A – Criminal or Civil Actions

Neither Intercontinental nor any of the firm's management persons have been convicted of, or plead guilty or *nolo contendere* to (a) any felony, (b) misdemeanor that involved investments or an investment-related business, fraud, false statement or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion, or (c) a conspiracy to commit any of these offenses.

Neither Intercontinental nor any of the firm's management persons is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses.

Neither Intercontinental nor any of the firm's management persons have been found to have been involved in a violation of an investment-related statute or regulation.

Neither Intercontinental nor any of the firm's management persons was the subject of any order, judgment, decree permanently or temporarily enjoining, or otherwise limiting, Intercontinental or the management person from engaging in any investment-related activity, or from violating any investment-related statute, rule or order.

Part B – Administrative Proceedings

Neither Intercontinental nor any of the firm's management persons was found to have caused an investment-related business to lose its authorization to do business; or found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority:

- denying, suspending, or revoking the authorization of Intercontinental of any of the firm's management persons to act in an investment-related business;
- barring or suspending Intercontinental or any of the firm's management person's association with an investment-related business;
- otherwise significantly limiting Intercontinental or any of the firm's management persons' activities; or
- imposing a civil money penalty of more than \$2,500 on Intercontinental or any of the firm's management persons.

Part C – Self-Regulatory Organization

Intercontinental is not and has not been a member of a self-regulatory organization. None of Intercontinental's management persons is now, or was previously, a member of, or subject to, discipline by a self-regulatory organization.

Item 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Part A – Registration as a Broker-Dealer; Registered Representatives

Intercontinental is not registered, and does not have an application pending to register, as a broker-dealer. None of the members of the firm's management are registered as a broker-dealer. None of the members of the firm's management have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Part B – Registration as a Futures Commission Merchant, Etc.

Intercontinental is not registered, and does not have an application pending to register, as a futures commission merchant, commodity pool operator or commodity trading advisor. None of the members of the firm's management are registered as a futures commission merchant, commodity pool operator or commodity trading advisor or an associated person of the foregoing entities. None of the members of the firm's management have an application pending to register as a futures commission merchant, commodity pool operator or commodity trading advisor or an associated person of the foregoing entities.

Part C –Material Relationships

Intercontinental has the right under the terms of many of its investment management agreements to have services required in connection with the management of the pooled investment vehicle performed either by Intercontinental or its affiliates. For instance, an affiliate of Intercontinental manages the properties owned by the pooled investment vehicles located in the Commonwealth of Massachusetts and several other states. The party performing such services receives compensation at rates comparable to or less than prevailing rates charged by independent third parties in the locale where the services are performed.

Peter Palandjian, the principal owner of Intercontinental, is also an owner of Intercontinental Capital Management (“ICM”). ICM is a federally registered investment advisor which provides discretionary investment advice to private investment hedge funds. ICM is owned and controlled by Peter Palandjian and Leon Palandjian. Intercontinental provides certain services to ICM, including office space, administrative resources, information technology support, client servicing and investor relations. Intercontinental and ICM also engage common service providers including legal counsel, compliance services, banks and lenders, financial advisors and providers of tax and audit services.

Part D – Other Investments

Intercontinental does not recommend or select other investment advisers who would have a direct relationship with its clients.

Item 11: CODE OF ETHICS; PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Part A – Code of Ethics

Intercontinental’s Code of Ethics (“Code”) sets forth the standards of business conduct Intercontinental expects from each of its employees. The Code requires, among other things, that all employees:

- comply with applicable federal securities laws;
- recognize their fiduciary duty to Intercontinental’s clients; and
- place Intercontinental’s clients’ interests before their own in any business dealing.

A copy of Intercontinental’s Code will be provided free of charge to any client or prospective client who requests a copy.

Part B – Recommendations Regarding Securities

Except for its recommendation that potential investors invest in the pooled investment vehicles sponsored by Intercontinental, neither Intercontinental, nor any employee or affiliate of

Intercontinental, recommends to clients or potential clients securities in which Intercontinental or an employee or affiliate has a material financial interest.

Part C –Trading

Intercontinental does not currently invest in publicly traded securities on behalf of its clients other than short-term investments. However, Intercontinental’s open-end pooled investment vehicle is permitted to invest in publicly traded securities pursuant to such vehicle’s operating agreement. The Chief Compliance Officer monitors the trading activity on a quarterly basis of Intercontinental’s employees and would monitor any investment made by such vehicle in publicly traded securities to avoid any conflict of interest. Moreover, to the extent that any of Intercontinental’s employees elect to invest directly in interests in the pooled investment vehicles sponsored by Intercontinental, they do so only on the same terms as any other investor.

Item 12: BROKERAGE PRACTICES

Part A.1 – Factors Considered in Selecting Broker-Dealers – Research and Other Soft-Dollar Benefits

Intercontinental does not purchase publicly-traded securities except for short-term investments on behalf of its clients. As a result, it does not contract with broker-dealers, except in connection with short-term investments as described above, and does not engage in soft dollar practices, client referrals, directed brokerage or trade aggregation.

Intercontinental generally engages a real estate broker in connection with the disposition or leasing of a real estate asset held on behalf of its clients. Intercontinental selects the brokerage company and the particular real estate broker that Intercontinental believes will best represent the interests of Intercontinental’s clients. Factors such as the qualifications of a marketing or leasing team proposed by the broker, the team’s knowledge of the market in which the asset is located, the team’s track record, the likely sales price on a disposition, fees, and the proposed marketing plan are considered in the selection of the broker.

Part A.2 – Brokerage for Client Referrals

Intercontinental does not recommend broker-dealers to its clients or utilize broker-dealers in connection with the real estate transactions in which it engages on behalf of its clients.

Part A.3 – Directed Brokerage

Intercontinental does not use broker-dealers in connection with Intercontinental’s advisory business. Broker-dealers may, however, be used by investment advisors engaged to invest in short-term investments.

Part B – Aggregation of Trades

Not applicable. Other than minimal investment of excess cash in short-term investments, Intercontinental does not currently purchase or sell publicly-traded securities for its clients' accounts.

Item 13: REVIEW OF ACCOUNTS

Part A – Periodic Review of Client Account

Intercontinental's senior executives are responsible for periodically reviewing each pooled investment vehicle and separate account in order to evaluate and confirm compliance with the terms of the investment guidelines and investment management agreements applicable to such accounts and pooled investment vehicles. This review generally occurs quarterly. This review may occur more frequently when significant investment decisions are made related to an account or a pooled investment vehicle. Real estate investments held by pooled investment vehicles and separate accounts are also reviewed by Intercontinental's executives and Investment Committee on a periodic basis.

Intercontinental has established a disciplined external and internal valuation and appraisal process focused on providing its clients with accurate valuations reflective of all current market and property factors. Each property held in the pooled investment vehicles is valued periodically and is valued externally by an outside independent appraiser. With respect to Intercontinental's open-end pooled investment vehicles, each property is appraised at least once every twelve (12) months. With respect to Intercontinental's closed-end pooled investment vehicles, each property is appraised at least once every thirty-six (36) months. With respect to separate account portfolios, the internal and external valuation frequency is dictated by the specific client's investment guidelines.

Part B –Client Reports

Investors in the pooled investment vehicles sponsored by Intercontinental receive written quarterly status and investment activity reports, including unaudited financial statements, and a calculation of income, appreciation and total returns (gross and net of fees). In addition, such investors receive, on an annual basis, copies of the audited financial statements, and face-to-face meetings as requested by such investors.

Intercontinental's separate account clients receive written status and activity reports pursuant to such management agreements. In addition, Intercontinental participates in face-to-face meetings with its clients as requested by such clients.

Item 14: CLIENT REFERRALS AND OTHER COMPENSATION

Part A – Economic Benefits Provided to Intercontinental

Certain third-party service providers engaged by Intercontinental on behalf of its clients may elect to provide reasonable forms of entertainment, meals, and/or gifts to Intercontinental or certain of its employees. Given the potential for a conflict of interest to arise in the selection of a service provider as a result of the receipt of such meals and entertainment, Intercontinental has adopted a Gifts and Entertainment Policy to avoid any such conflicts. The Gifts and Entertainment Policy is overseen by Intercontinental's Chief Compliance Officer. In general, the Gifts and Entertainment Policy requires that business entertainment (including meals) involving Intercontinental's personnel not be of a character or cost that would prevent the employee being entertained from making an independent business decision with regard to the services offered by the business sponsoring the entertainment, or that is not in accordance with generally accepted standards of business ethics in the institutional real estate management industry. Although token gifts may be allowed in compliance with Intercontinental's policies, vendors are generally discouraged from providing gifts or entertainment to Intercontinental's employees. Moreover, no employee of Intercontinental may give on his or her own behalf or on behalf of the Company any gift or accommodation to a business contact that may be construed as an improper attempt to influence the recipient.

Part B – Compensation of Others for Referrals

Intercontinental is currently a party to a written contract with Cherry Tree & Associates, LLC, a third party marketing firm, which contract contemplates the payment of referral fees in compliance with SEC Rule 206(4)-3 under the Investment Advisers Act of 1940.

Item 15: CUSTODY

Intercontinental has custody of client funds, such as the funds related to the operations of the real estate under Intercontinental's management, and has discretionary authority to establish bank accounts on behalf of its clients in which to deposit funds received from clients or tenants at the real estate under Intercontinental's management. With the exception of the investors in the pooled investment vehicles managed by Intercontinental, who receive audited annual financial statements from third-party auditors engaged by the pooled investment vehicles, clients receive account statements on a monthly basis directly from the qualified custodian bank holding such funds.

Item 16: INVESTMENT DISCRETION

The terms of the investment management agreements entered into between Intercontinental and the pooled investment vehicles and its separate account clients typically grant Intercontinental full discretion to make investments on behalf of the account subject to investment guidelines that may be established by the clients and incorporated in the agreement. As a result, subject to such guidelines and established limits, Intercontinental may determine what assets to purchase, when to sell the assets and how to manage the asset, including decisions related to capital improvements and leverage on the assets.

Item 17: VOTING CLIENT SECURITIES

Part A – Authority to Vote Client Securities

Intercontinental does not have authority to vote client securities, as noted in Part B below.

Part B – Lack of Authority to Vote Client Securities

Intercontinental does not currently invest in publicly-traded securities on behalf of its clients, except for certain short-term investments that are cash equivalents with no voting rights. However, one of Intercontinental's open-end pooled investment vehicles is permitted to invest in publicly traded securities pursuant to such vehicle's operating agreement. In the event that Intercontinental causes such pooled investment vehicle to purchase any publicly traded securities, Intercontinental has adopted a Proxy Voting Policy which applies in such event and is monitored by the Chief Compliance Officer. Intercontinental may, on occasion, acquire certain privately-traded securities when it acquires the shares or membership interests in an entity formed to hold title to real estate, rather than making a direct investment in real estate on behalf of its clients. However, such entities are generally majority owned by the pooled investment vehicle managed by Intercontinental and Intercontinental has discretion to vote such securities.

Item 18: FINANCIAL INFORMATION

Part A – Prepayment of Fees

In general, Intercontinental does not require that its clients prepay the fees due to Intercontinental. Certain clients that have engaged Intercontinental for a QPAM assignment may be obligated to pay a portion of the engagement fee upon execution of the QPAM agreement with the remainder due at stages during the completion of the assignment. With the exception of such QPAM engagements, Intercontinental does not expect to require the prepayment of its fees at any time in the future.

Part B – Financial Condition

In most instances, Intercontinental has discretionary authority over client funds. Intercontinental is not currently aware of any financial condition that may impact Intercontinental that is reasonably likely to impair Intercontinental's continued ability to meet its contractual commitments to its clients.

Part C – Bankruptcy

Intercontinental has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Intercontinental is registered with the SEC and is not required to be registered at the State level.