

# Real Capital Investment Advisors, LLC

9 March, 2015

371 Centennial Parkway, Suite 200 Louisville CO 80027

Phone +1 (303) 466-2500

Facsimile +1 (303) 466-3008

Email [info@rciallc.com](mailto:info@rciallc.com)

Website [www.rciallc.com](http://www.rciallc.com)

**This brochure provides information about the qualifications and business practices of Real Capital Investment Advisors. If you have any questions about the contents of this brochure, please contact us at +1 (303) 466-2500 and/or [info@rciallc.com](mailto:info@rciallc.com). 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.**

**Additional information about Real Capital Investment Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2      Material Changes**

This is the initial Form ADV filing by the Adviser.

## Item 3 Table of Contents

### Contents

Item 2	Material Changes.....	2
Item 3	Table of Contents .....	3
Item 4	Advisory Business .....	3
Item 5	Fees and Compensation .....	6
Item 6	Performance Based Fees and Side by Side Management .....	7
Item 7	Types of Clients .....	8
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	9
Item 9	Disciplinary Information .....	14
Item 10	Other Financial Industry Activities and Affiliations .....	14
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	15
Item 12	Brokerage Practices .....	17
Item 13	Review of Accounts .....	17
Item 14	Client Referrals and Other Compensation .....	18
Item 15	Custody .....	18
Item 16	Investment Discretion .....	18
Item 17	Voting Client Securities .....	19
Item 18	Financial Information .....	19
Item 19	Requirements for State Registered Advisers .....	19

## Item 4 Advisory Business

### *The Adviser*

Real Capital Investment Advisors, LLC (the “Adviser” or “RCIA”) was formed in March 2015 by Real Capital Solutions, Inc. (“RCS”) to provide investment advisory services to privately held funds (“Funds”) formed by RCS to invest in a full spectrum of real estate investments. The Adviser may also act as an investment

advisor to RCS for separately managed accounts related to RCS' family office investments or similar accounts for other non-affiliated investors ("Separate Accounts"). RCS is the sole owner of the Adviser.

RCS is a fully integrated real estate investment management company incorporated in 1984 and formerly known as Colorado and Sante Fe Land Company (and Colorado & Santa Fe Real Estate Company). Its affiliates hold investments across all major real estate asset categories, including but not limited to homebuilding, apartments, condominiums, office, retail, industrial and mixed use projects. Marcel Arsenault is the sole owner of RCS.

### *Investment Strategy*

The Funds and Separate Accounts to be advised by RCIA will invest in real estate opportunities similar to the historical investments of RCS, including but not limited to homebuilding, apartments, condominiums, office, retail, industrial and mixed use projects. While the Adviser anticipates that investments will be predominantly in the United States, fund investments may be made outside the U.S. should the Adviser identify attractive opportunities.

The Adviser will utilize a proprietary in-house research and investment process, developed by RCS over the last 30 years, which it believes effectively identifies emerging trends in real estate and will allow Funds and Separate Accounts it advises to capitalize on real estate investment opportunities.

### *The Funds*

Each Fund formed by RCS will have specific investment criteria. A given Fund may invest in a single project, across multiple projects involving a single asset type (such as apartments) or across all asset types targeted by the Adviser. Funds may also be distinguished geographically or by industry type.

### *The Separate Accounts*

Each Separate Account formed by RCS will have specific investment criteria tailored to the account. A given Separate Account may invest across multiple

projects involving a single asset type (such as apartments) or across all asset types targeted by the Adviser.

### *The Manager*

Shaun O'Connor serves as the Managing Director of the Adviser. He also serves as President of RCS. He is 50 years old as of the date of this supplement and has a master's degree in business administration from Western Connecticut State University and an undergraduate degree from Purdue University.

From 2011 to 2014, Mr. O'Connor served as the Chief Financial Officer for Tourism Development Investment Company, a real estate master developer in Abu Dhabi, United Arab Emirates. From 2008 to 2011, he was the Chief Financial Officer and Chief Risk Officer of CBRE Investors (now known as CBRE Global Investors), a global real estate investment manager. Prior to CBREI, Mr. O'Connor held various positions with GE Capital, AIG Insurance and IBM.

### *Assets Under Management*

At 31 December 2014, RCS managed \$1,124 million in real estate related investments ("AUM") on behalf of its sole owner. Contemporaneously with the Adviser becoming registered as an investment adviser with the SEC, the Adviser will manage such assets on behalf of RCS and its affiliates. AUM for reporting purposes is calculated based on the lower of (1) fair value of a particular real estate asset or (2) cost incurred to date to acquire and develop an asset that is still under development and/or stabilization. Fair Value for the purposes of (1) is based on either (a) third party appraisals of a property dated no more than 120 days prior to the reporting period or (b) in house valuation of properties extrapolating recent sales data to all remaining properties. For both scenario (1) and (2), RCS would only recognize the percentage owned in each property, not the 100% value when accounting for outside investors. RCS and the Adviser's definition of AUM may differ from that of the SEC; however our calculation of AUM is disclosed in all fund related documents and remains consistent period to period.

## Item 5 Fees and Compensation

### ***Advisory Fees***

For its advisory services, RCIA is usually paid some or all of the following fees: (1) an acquisition fee based upon the cost of an acquired asset; (2) a disposition fee based on the sales price of a sold asset; (3) an asset management or investment advisory fee based upon the cost or fair market value of assets under management, the amount of equity invested or the net operating income generated by a portfolio; (4) a development fee based on the cost incurred to date on ground up development assets; (5) a loan refinancing fee based on the amount of debt secured on refinancing a single asset inside a fund; and (6) a performance or incentive fee when assets are disposed of or distributions are made or when a fund is liquidated (such performance or incentive fees are calculated based on the profits achieved for the fund). Performance fees are further described in Item 6, below.

We do not have a set fee schedule. Fees for our Funds and Separate Accounts are typically set on a fund-by-fund or account-by-account basis, are disclosed in the Fund's private placement memorandum and are set out in the limited partner agreements of those Funds or Separate Accounts or in separate agreements with the applicable investor.

Advisory fees are charged quarterly in arrears on all funds. For the Separate Accounts, the client is billed directly for management and other associated fees quarterly in arrears.

The Adviser may also be deemed to receive compensation through its ownership interests in each fund, as described below in Item 6.

### ***Non-compensatory Expense Reimbursement***

In addition to our advisory fees, each of the Funds and Separate Accounts will bear (i) all costs and expenses paid to any broker, including account maintenance fees, brokerage fees and commissions; (ii) the fees to one or more custodian and providers of administrative, sub-administrative or support services; (iii) legal, custodial, tax and accounting expenses (other than expenses for normal accounting and tax preparation, including fees and expenses associated with the

preparation of the Fund or Separate Account's financial statements, tax returns and Schedule K-1s); (iv) costs and expenses associated with complying with government requirements; (v) any other indebtedness incurred by the fund; and (vi) costs of winding up and liquidating the fund.

Each of the Funds and the Separate Accounts will also bear any costs and expenses that, in the good faith judgment of the Adviser, are incurred in the operation of the Funds and Separate Accounts that are extraordinary, or unanticipated by the Adviser, including (i) costs and expenses that are classified as extraordinary expenses under accounting principles consistently applied; (ii) taxes, fees, duties or other governmental charges payable by the Fund or Separate Account; (iii) costs and expenses incurred in connection with any actual or threatened litigation, and any judgments or settlements paid in connection with litigation, involving the Fund, Separate Account or a person entitled to indemnification from the Fund or Separate Account; (iv) expenses (including legal fees and expenses) incurred in connection with the bankruptcy or reorganization of any permitted investment; (v) auditing expenses, if any; (vi) expenses incurred in connection with a limited partner that defaults in respect of a capital contribution or other payment due to the Fund or Separate Account; and (vii) fees, costs and expenses related to borrowing.

Affiliates of the Adviser may provide real estate brokerage services, property development services, property management services, and mortgage or other lending services for which the funds may be charged. While the Adviser will seek to negotiate third-party, arms-length terms for such services, such arrangements are conflicts of interest that must be considered by investors.

## **Item 6 Performance Based Fees and Side by Side Management**

The Adviser may also charge a performance based fee for its Funds or Separate Accounts which is based on realized returns and meeting a pre-specified return or high water mark. The specific preferred return levels are disclosed in the respective private placement memorandums as well as the limited partnership agreements for each Fund or Separate Account.

All performance-based income is calculated and paid in accordance with Section 205 and Rule 205-3 under the Investment Advisers Act. There is no standard performance fee structure; performance fee structures are dependent on the nature of the Fund or Separate Account. Accordingly, fee structures may vary from Fund to Fund and Separate Account to Separate Account.

Performance based compensation creates an incentive to grow a Fund or Separate Account, rather than simply preserve such. Investments intended to grow Funds or Separate Accounts carry a higher degree of risk than those intended merely to preserve the same. As a result, the performance based incentive structure of the Funds or Separate Accounts may encourage the Adviser to take greater investment risk.

These risks are mitigated by our structure and our policies and procedures, which require that the Adviser act consistently with applicable statutory fiduciary standards, as well as the fiduciary standards set forth in the relevant Fund or Separate Account's limited partnership or limited liability company agreement.

The above description of Adviser compensation is a summary only and is qualified entirely by reference to each particular Fund or Separate Account's limited partnership or limited liability company agreement.

Given the Adviser manages both Funds and the Separate Accounts, conflicts may occur regarding investing in a given asset. As both Funds and Separate Accounts invest in value-add and opportunistic real estate across the United States, RCS and RCIA abide by an investment allocation program administered by RCS' Chief Risk Officer. The investment allocation program alternates conflict transactions between the Advisor's Fund and the Advisor's Separate Accounts such that the first conflict transaction is offered to the Fund to invest and the second conflict transaction is offered to the first Separate Account (continuing through the number of relevant Separate Accounts) to invest. Should either the Fund or the Separate Account elect to not proceed with the transaction then the other groups may pursue the opportunity in turn.

## **Item 7 Types of Clients**



The Adviser intends to serve as the manager of Funds and Separate Accounts formed by RCS to invest in one or more real estate investments. The Adviser does not currently, and has no plans to provide investment advice to any individual natural persons. Generally, the investor base for the Funds includes institutional investors, such as public and corporate pension plans, high net worth individuals, sovereign wealth funds, endowments, foundations, single or multi-family family offices, other institutions and other real estate investment vehicles. Investors for Separate Accounts may include many of the same types of investors as the Funds. Many of these investors have their own independent consultants or advisers to assist them in their investment choices. Each investor in our Funds or Separate Accounts is required to be an “accredited investor” within the meaning of Regulation D under the Securities Act. Each investor is also required, either alone or with its representatives, to possess such knowledge and experience in financial and business matters such that it is capable of evaluating the merits and risks of the method of investment and the compensation received by the Adviser.

RCS and other investors may impose restrictions and limits on the Adviser in regard to their Separate Account. The investment restrictions placed upon the Adviser by RCS or other investors may limit the Adviser’s ability to fully invest the account according to the limits placed upon it.

The Funds generally will be formed as limited partnerships or limited liability companies. The Adviser provides management services directly to the Funds and does not provide investment advice to investors in such pools based upon their individual needs. Unless otherwise stated in a prospectus or other constituent documents for a Fund, the minimum required investment amount for an investor is generally \$10 million, although the Fund manager will have discretion to accept a lower investment amount.

Certain Funds may enter into separate Investment Management Agreements with the Adviser. Investment Management Agreements between a Fund and the Adviser are generally terminable by the Fund on short periods of notice or immediately for certain cause events. Such a termination event would also likely result in the termination of RCIA’s advisory relationship with the Fund.

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

## ***Methods of Analysis***

The Adviser intends to utilize a proprietary in-house research and investment process, developed by RCS over the last 30 years, which it believes effectively identifies emerging trends in real estate and allows Funds and Separate Accounts it manages to capitalize on attractive real estate investment opportunities. The Adviser will provide investment advice on all Funds and Separate Accounts based on this adopted in-house research process.

RCS is organized into focused teams based on asset class. Each team is involved in all facets of real estate, including ongoing acquisitions, asset management and dispositions, and is accountable for the total performance throughout the asset life cycle. Our asset class teams are supported by shared resources, including research, legal, compliance, accounting, and investor reporting.

Using both public and private data, the Adviser researches short and long term investment opportunities by asset class and by region. The Adviser then works with financial institutions, private real estate owners and developers and real estate brokers to source appropriate transactions that match a particular Fund or Separate Account's investment objective. Once the Adviser approves the asset strategy it engages RCS' asset teams to implement the strategy, including closing approved transactions and managing the day to day operation of the asset. The Adviser will determine the appropriate exit strategy for each asset and will monitor RCS' asset teams for executing on the disposition strategy as well.

Our due diligence and underwriting process is designed to mitigate physical and financial risk and to uncover opportunities for creating value. The general focus of due diligence is to audit and challenge the information provided by the seller, developer or Fund/Account manager and to evaluate broader opportunities represented by potential transactions. Third-party specialists may be retained to inspect the physical and environmental aspects of any potential investment. In development transactions, the teams may also retain third-party providers to assess and evaluate development feasibility, construction risk, and development partner background. The teams may complete a detailed tenant review, including tenant interviews, to understand tenant creditworthiness and opportunities for value creation through negotiating improved rental rates or longer lease terms.

Funds and Separate Accounts may have their own Investment Committees to oversee and approve certain “major decisions” (e.g. acquisitions, dispositions, financings and new joint ventures). Such Investment Committees would include members with substantial experience in commercial real estate investment management and operations.

### ***Investment Strategies***

The Adviser’s investment strategy includes value added and opportunistic strategies in real estate equity through a variety of pooled investment vehicles.

A “Value Added” strategy seeks to invest in real estate assets with identifiable risk and greater appreciation potential than core real estate. The returns will come from asset repositioning, value added refurbishment, operating income and appreciation. Higher leverage is generally associated with this investment strategy. These assets will normally be found in secondary and tertiary cities and are across all asset classes.

An “Opportunistic” strategy seeks to invest in real estate assets with high-risk attributes; returns are often largely dependent on future appreciation. Leverage can be 75% loan to value or greater. These assets will normally be found in secondary and tertiary cities and are across all asset classes. Investments in development are common.

Value is recognized through identifying attractive opportunities, negotiating advantageous terms of investment and, in many cases, developing or managing the acquired investments to increase value. Depending on the investment, while it is held by a Fund, it may also produce an income stream through leasing or other arrangements. Finally, the Adviser will determine the appropriate time to divest an asset and will then work to negotiate a profitable sale.

### ***Risk of Loss***

Investing in real estate is inherently risky as discussed in greater detail in the private placement memorandum of each Fund. Invested capital is “at risk” and is subject to loss, including a total loss of invested funds. The following are key risks relating to the types of investments targeted by the Adviser.

- **Real Estate Investment Considerations.** Real property investments are subject to varying degrees of risk. The financial returns available from equity investments in real estate depend on the amount of revenue generated and expenses incurred while operating the properties. If the properties do not generate revenues sufficient to meet operating expenses, debt service, if any, and capital expenditures, the ability to make distributions to its shareholders will be adversely affected and could be eliminated completely. Income and value derived from such properties may be adversely affected by changes in the national and regional economic climate, local real estate conditions, such as an oversupply of each property type or a reduction in demand for specific property types, availability of "for purchase" housing, the attractiveness of the properties to customers, competition from other properties, the inability of the owner to provide adequate maintenance and to obtain adequate insurance and increased operating costs (including real estate taxes). The income will be adversely affected if a significant number of tenants are unable to pay rent or if the units cannot be rented on favorable terms. Further, certain significant expenditures associated with equity investments in real estate (such as mortgage payments, if any, real estate taxes and maintenance costs) are generally not reduced when circumstances cause a reduction in rental income. In addition, the net income from any of the properties may be adversely affected by factors, among others, such as changes in zoning, building, environmental, rent control and other laws and regulations, population shifts, which may affect the demand for rental housing in markets, changes in real property taxes and interest rates, the availability of financing, weather and acts of God (such as earthquakes, hurricanes and floods) and other factors beyond the control of the Adviser that may significantly affect the returns sought. The asset is also exposed to the various types of litigation that may be brought against a property owner or manager.
- **Illiquidity of Real Estate.** Investments in real estate are relatively illiquid and, therefore, will tend to restrict the ability of a Fund or Separate Account to vary its portfolio of properties promptly in response to changes in economic or other conditions. Consequently, if the investment were to

be liquidated, the proceeds realized might be not be sufficient to cover the outstanding debt and could lead to a loss of some or all of the investment made.

- **Risks of Development, Repositioning and Renovation.** It is anticipated that RCS will be engaged to develop, reposition or renovate certain of the properties and other projects that may be acquired by Funds or Separate Accounts managed by the Adviser. In connection with any such projects, the applicable Fund or Separate Account will bear certain risks, including delays or cost overruns, that may increase project costs and could make such projects uneconomical, and the risk that occupancy or rental rates at a property once completed will not be sufficient to enable the project to pay operating expenses or for the Fund or Separate Account to earn its anticipated rate of return on its investment. In case of an unsuccessful development, repositioning or renovation project, the Fund or Separate Account's loss could exceed its committed investment in such a project. In cases where a Fund or Separate Account owns less than the entire interest in a property, such Fund or Separate Account may nevertheless be required to bear the entire cost of a development, repositioning or renovation at such property.
- **Possible Environmental Liabilities.** Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be required to investigate and clean up hazardous or toxic substances or petroleum products released on, under, in or emitting from such property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with the contamination. Such laws typically impose clean up responsibility and liability without regard to whether the owner knew of or caused the presence of the contaminants, and the liability under such laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for an allocation of responsibility. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances or the failure to

remediate the contamination properly on such property may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. Moreover, certain loan documents provide for recourse liability in connection with the presence of hazardous or toxic materials. Persons who arrange for the disposal or treatment of hazardous or toxic substances at a disposal or treatment facility also may be liable for the costs of removal or remediation of a release of hazardous or toxic substances at such disposal or treatment facility, whether or not such facility is owned or operated by such person. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with the contamination. Finally, the owner of a site may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. In connection with its ownership and operation of any properties, a fund is potentially liable for such costs.

## **Item 9 Disciplinary Information**

No disciplinary actions have been taken with respect to the Adviser.

## **Item 10 Other Financial Industry Activities and Affiliations**

RCS formed the Adviser to act as the general partner, adviser, manager or similar role for investment Funds or Separate Accounts to be formed by RCS.

Neither the Adviser nor any of its management persons is registered as a securities broker-dealer, and there is not currently an application pending related to such registration.

Neither the Adviser nor any of its management persons is registered as a futures commission merchant, commodity pool operator or commodity trading adviser, and there is not currently an application pending related to such registration.

Affiliates of the Adviser are licensed real estate brokers and may provide real estate brokerage services, property development services, property management services, and mortgage or other lending services for which the Funds and Separate Accounts may be charged. While the Adviser will seek to negotiate third-party, arms-length terms for such services, such arrangements are conflicts of interest that must be considered by investors. When engaging in such related party transactions, the Adviser will act consistently with applicable statutory fiduciary standards, as well as the fiduciary standards set forth in the applicable Fund or Separate Account's limited partnership or limited liability company agreement.

Additional conflicts of interest are identified in Item 11 below.

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

The Adviser has adopted a code of ethics intended to comply with SEC rule 204A-1. The Chief Compliance Officer is the named officer responsible for administration of the code of ethics. This code of ethics is contained within our Investment Management Policies and Procedures. The Investment Management Policies and Procedures is applicable to and is made available to all employees of RCS and the Adviser. Among other things, our code requires all employees to act in clients' best interests, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on certain kinds of personal securities transactions. All employees are required to make annual certifications certifying that they are in compliance with the Investment Management Policies and Procedures. Clients and prospective investors may review a copy of the Code by contacting us at [info@rciallc.com](mailto:info@rciallc.com) or +1 (303) 466-2500.

RCS and other affiliates of the Adviser intend to co-invest alongside each Fund in Fund investments. Co-investing is intended to further align the Adviser's interests with the interests of the Funds it is advising. The timing and allocation of such co-investments will be made in a manner deemed equitable by the Adviser, taking

into consideration applicable rules and regulations, size of account, amount purchased or sold and other factors it deems necessary. The Adviser and its affiliates also intend to hold substantial positions in the Funds. In making such investment decisions, the Adviser will act consistently with applicable statutory fiduciary standards, as well as the fiduciary standards set forth in the Fund limited partnership or limited liability company agreements.

The Adviser intends to manage multiple Funds and Separate Accounts formed by RCS in the future. This represents a conflict of interest. For instance, the Adviser would be devoting time to the management of multiple entities and conflicts could develop with respect to the amount of time the Adviser is able to devote to the implementation of any particular Fund or Separate Account's objectives. Further, to the extent that the Adviser deems it advisable to make investments for multiple Funds or Separate Accounts in the same investment at the same time, any particular Fund or Separate Account may not be able to acquire as large an allocation of the investment as desired, or it may have to pay a higher price for the investment. Allocation will be made in a manner deemed equitable by the Adviser, taking into consideration size of account, amount purchased or sold and other factors it deems necessary. The Adviser may at any time give advice or take action with respect to one Fund that differs from the advice given with respect to another Fund. In making such time management and investment decisions, the Adviser will act consistently with applicable statutory fiduciary standards, as well as the fiduciary standards set forth in the relevant Fund's limited partnership or limited liability agreement.

Although the Adviser intends to devote such time and effort as it believes is reasonably required to implement the objectives of each Fund and Separate Account, it is not required to devote all of its working time to the affairs of any particular Fund or Separate Account. Conflicts may arise regarding the time the Adviser devotes to managing investments and time it devotes to business interests outside of the Funds and Separate Accounts.



## **Item 12 Brokerage Practices**

The Adviser has authority to determine the brokers, if any, to be used for Fund and Separate Account transactions and to negotiate commission rates and other monies paid by the Funds or Separate Accounts for such services. The Adviser may use brokers to purchase or sell various types of real estate interests, but is not required to do so. The governing documents with respect to each Fund and Separate Account do not preclude the Adviser from engaging such brokers as it determines are in the best interests of such Fund or Separate Account for purposes of the transaction, or limit the amount of fees paid in connection with such engagement. The Adviser selects brokers based on various factors, including marketing approach, access to buyers or sellers of real estate interests, research and research services and fees. In certain cases, the Adviser receives a benefit from such contacts and services because it does not have to produce or separately pay for such services. The Adviser may choose to use a broker that charges higher commissions if the Adviser believes that the broker has superior access to transactions, market research or other beneficial attributes.

The Adviser has the authority to utilize brokers for capital raising for the Funds it manages. Such brokers will be engaged for specific transactions, with appropriate disclosure of fees and commissions to be provided in Fund disclosure documents

## **Item 13 Review of Accounts**

The Adviser will review all investment programs quarterly and provide investment reports within 45 business days from the close of the quarterly review period.

Reviews include performance of each asset, a reforecast of projected returns for that asset, buy / hold / sell analysis around each asset and all uncommitted capital. Included in this review is a review of all debt and associated debt covenant compliance, as well as descriptive analysis on the plans for each asset.

Each asset and program is also reviewed monthly by the Adviser for progress against the stated investment plan.

## **Item 14 Client Referrals and Other Compensation**

The Adviser does not compensate any third parties for client referrals, nor does the Adviser receive compensation from third parties for providing investment advice to the Adviser's clients.

## **Item 15 Custody**

The Adviser is deemed to have constructive custody of the assets of the Funds it manages and may have constructive custody for Separate Accounts under the applicable SEC regulations regarding custody. In order to comply with these SEC regulations, the Adviser ensures that all Funds and Separate Accounts are audited by a third party accounting firm no less frequently than annually and sends the audited financial statements to all investors within 120 days of the Fund or Separate Account's fiscal year-end.

The Adviser is also deemed to have constructive custody of certain bank accounts used in connection with property management. In order to comply with SEC regulations, the Adviser engages a third party accounting firm to conduct a surprise examination of these assets no less frequently than annually.

## **Item 16 Investment Discretion**

The Adviser, as the manager or adviser to each Fund, has discretionary investment management authority for such Fund. The Adviser will have exclusive responsibility for such Fund's activities, and investors in such Fund will not be able to make investment or any other decisions regarding the management of the Fund.

The Adviser may have full or limited discretionary investment management authority for Separate Accounts based on the agreement governing each account.

The Adviser may have exclusive or limited responsibility for such Separate Account's activities, and investors in such Separate Accounts may also make investment or any other decisions regarding the management of the Separate Account.

### **Item 17 Voting Client Securities**

This is not applicable to the real estate investments targeted by the Adviser and the Funds or Separate Accounts it advises.

### **Item 18 Financial Information**

The Adviser does not require prepayment of fees, nor is the Adviser aware of any financial condition that is reasonably likely to impair the Adviser's ability to meet contractual commitments of its client. As a result, the Adviser is not required to include the financial information identified in this Item.

RCS nor the Advisor are not and never have been in bankruptcy.

### **Item 19 Requirements for State Registered Advisers**

Not applicable