

Part 2A of Form ADV: *Firm Brochure*



111 Eighth Avenue, Suite 1500
New York, NY 10011

Telephone: (212) 220-9945
Web Address: www.taconicinvestment.com
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This brochure provides information about the qualifications and business practices of Taconic Investment Partners LLC and Taconic Investment Manager LLC. If you have any questions about the contents of this brochure, please contact us at (212) 220-9945. 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 Taconic Investment Partners LLC also is available on the SEC's website at www.advisorinfo.sec.gov.

Item 2 Material Changes

No material changes have been made since our last annual update dated March 28, 2014.

In the future, this section will be used to provide our clients with a summary of new and/or updated information which is material to the business. Updates to this section are required on an interim basis where material changes arise or on an annual basis, within 90 days of the close of the Firm's fiscal year ended December 31st. We will ensure that you receive a summary of such material changes as necessary.

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Item 4 Advisory Business

Founded in 1997 by its principal owners Paul Pariser and Charles Bendit, Taconic Investment Partners LLC and, beginning in 2007, Taconic Investment Manager LLC together (“Taconic” or the “Firm”) provide investment advisory and other services, specializing in sourcing, underwriting and managing real estate investments.

As of December 31, 2014, Taconic manages approximately \$320 million of real estate assets on a discretionary basis on behalf of its closed-end private comingled investment vehicles (collectively, the “Funds”). Taconic does not currently provide investment advisory services on behalf of any nondiscretionary clients. In accordance with applicable exemptions under the Securities Act of 1933 and the Investment Company Act of 1940, the Funds managed by Taconic are available only to accredited investors who are qualified purchasers.

Taconic offers private investments in value-add and opportunistic opportunities solely in real estate and real estate related assets, with a strategy to acquire, reposition, redevelop and operate multifamily, office and mixed-use properties. At the current time, these investments are located solely within the New York City metropolitan area.

When selecting and managing investments for its clients, Taconic is subject to the investment guidelines and restrictions included in the offering or private placement memorandum (the “PPM”) and organizational documents of each Fund. Underlying investors in Funds include, but are not limited to, public pension funds and other institutional investors.

Item 5 Fees and Compensation

Taconic receives an annual investment management fee equal to between 1.25% and 1.50% of the equity committed or invested in a Fund, as defined by the Fund’s organizational documents. Such fees may be reduced by the amount of the Fund’s organizational costs, above a defined threshold, as well as in certain cases, reduced by fees paid to placement agents, if applicable. Fees are payable quarterly in advance and are deducted from clients’ assets. No portion of the fee is refundable once paid.

Taconic does not require or permit payment of investment management fees in excess of \$1,200 more than six months in advance of services rendered.

Affiliates of Taconic, which act as the managing member of the applicable Fund, and investors in each Fund, have the ability to earn a “preferred return” or profit participation on invested capital. Such preferred return is at a 10% priority annual return rate per annum, and is payable before all contributed capital is returned. Thereafter, distributions

are split between the parties pursuant to a waterfall calculation, as defined in the Fund's organizational documents.

Investment management fees and profit participation structures may be negotiated and agreed to if and to the extent that Taconic or its affiliates and the client deem appropriate at the time the Fund's organizational documents are executed.

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

As noted in Item 5 above, affiliates of Taconic have the ability to earn performance-based fees from clients. Clients and investors should be aware that a performance-based fee arrangement may create an incentive for Taconic to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

To address this potential conflict of interest, Taconic's policies and procedures are structured in a manner to mitigate such risk and to increase transparency in the investment process. This approach includes the following:

1. We disclose to clients and investors the existence of material conflicts of interest.
2. Each Fund's organizational documents contain investment and leverage goals, parameters and limitations. Potential investments that do not conform to such goals, parameters and limitations are prohibited from acquisition by the applicable Fund.
3. Investment opportunities are identified by the Taconic acquisition team and brought to Taconic's Investment Committee for discussion and analysis. During such meetings, key material risks to the investment are discussed and strategies are developed to mitigate or eliminate such risks, where possible. In addition, analysis is performed to determine whether or not the investment meets the applicable Fund's overall strategy and is within the limitations set forth in the Fund's organizational documents. The Investment Committee must approve all acquisitions.

In addition, Taconic's principals and employees invest substantial capital alongside the Funds' investors.

The client should understand the performance-based fee compensation arrangement and its risks prior to entering into an investment advisory agreement with us.

All performance-based fees are charged in accordance with applicable exceptions in SEC Rule 205-3 under the Investment Advisers Act of 1940 (“Advisors Act”).

Item 7 Types of Clients

Taconic provides investment advisory services to pooled investment vehicles managed by Taconic related affiliates, with underlying investors that represent, but are not limited to, public pension funds and other institutional investors.

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

Taconic provides investment advisory services solely with respect to real estate and real estate related investments in the New York City metropolitan area. Taconic’s strategy is to target and exploit value-add and opportunistic investments through recapitalization, re-development, development, renovation and rehabilitation. These strategies may include the use of leverage, while presenting the risk of little or no income during the initial years of the asset. Such investments also have the potential for adverse price movements after the projects are completed and/or the possibility of reduced demand through changes in the real estate markets or the economy at large. Fund investments may also give rise or be subject to additional risks, such as, financing, interest rate, regulatory, legislative, local or macro-economic, construction, environmental, architectural, engineering, leasing and tenant credit risks, among others.

Taconic conducts thorough due diligence to identify and mitigate potential risks associated with each prospective transaction. This approach includes analysis of the investment, local and macro market and economic conditions, multiple scenario financial analyses, required capital improvements, and legal, structural, title, environmental and other customary reviews.

Subsequent to acquisition, Taconic closely monitors each investment’s position in the marketplace, along with submarket forecasting information, in an effort to effectively manage and mitigate potential risks, as well as, maximize the total value of each investment and its related strategy during its holding period and upon disposition.

Investing in the Funds offered by Taconic involves risk of loss that clients should be prepared to bear. Clients and investors are advised to pay careful attention to the sections of the Fund’s PPM that discuss risk factors, conflicts of interest and other investment considerations. In addition, clients and investors are encouraged to seek their own individual legal and tax advice regarding an investment in a Fund before making an investment decision.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or a prospective client's evaluation of Taconic's investment advisory business or the integrity of our management.

Taconic and its management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

We are required to disclose certain other financial industry activities and affiliations with related parties, which might give rise to a material conflict of interest. During the normal course of business, the allocation of investments to various investment vehicles and the fee arrangements with affiliates of Taconic for services rendered (for example, property management services rendered to real estate owned by a Client) are continuously evaluated to avoid potential conflicts. In particular, investment allocations are governed by restrictions contained in the various partnership agreements. All fees earned/paid to Taconic or its affiliates are at market terms and are monitored by third party lenders and partners to ensure appropriateness. Decisions to sell an investment are often subject to major decision approval by third party co-investment partners. The risks of potential conflict are mitigated by such oversight and review.

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

In performing its obligations to our clients and investors, Taconic strives to conduct its business with the highest ethical standards and adheres to a strict policy of compliance with all applicable laws, regulations and compliance standards. As such, we have adopted a written Code of Ethics in accordance with SEC Rule 204A-1 under the Advisors Act. Taconic's Code of Ethics governs the actions of our employees and seeks to promote an ethical and compliance-oriented environment.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions and annual holdings reports that must be submitted by Taconic's access persons. In addition, the Code of Ethics also contains policies which address key areas such as standards of conduct, compliance with laws, rules and regulation and participation in outside business activities. The Code of Ethics also prohibits employees from using any material non-public information Taconic may obtain in a personal or professional capacity.

A copy of our Code of Ethics is available to clients or prospective clients upon request.

Item 12 Brokerage Practices

Investment advisory services provided by Taconic are comprised solely of real estate advisory services. To the extent that these services involve interests which constitute securities, they are related to private transactions not involving a broker-dealer. Accordingly, Taconic does not utilize broker-dealers in connection with client transactions.

Item 13 Review of Accounts

Taconic reviews each of its client's investments and sends written reports to the investors of each client on a quarterly basis. These reports generally include an executive summary of the Fund's performance, a market summary, unaudited financial statements with related financial statement notes and individual investment updates for material operational, capital expenditure and leasing events. Acquisition and disposition information is also included where applicable.

The quarterly reports are prepared by the Fund Accountant and Fund Controller, with review by the Chief Financial Officer. In addition, all client accounts are audited annually by an independent certified public accounting firm.

Item 14 Client Referrals and Other Compensation

It is Taconic's current policy not to engage solicitors or to pay related or non-related persons for referring potential clients to the Firm. In addition, it is our policy not to accept or allow our related persons to accept any form of compensation or economic benefit from a non-client in conjunction with the investment advisory services we provide to our clients.

Item 15 Custody

The Funds for which Taconic provides investment advisory services follow the pooled investment vehicle provision of the SEC's "Custody Rule." This provision requires that we distribute financial statements audited by an independent certified public accounting firm to all investors in the Funds within 120 days of each fiscal year-end. As such, client accounts are not subject to other Custody Rule requirements whereby quarterly statements must be sent to each client by a qualified custodian. In addition, client accounts are not subject to a surprise examination by an independent certified public accounting firm, as such accounts are included in the scope of the annual audit prepared by such a firm.

Item 16 Investment Discretion

Through execution of each Fund's organizational documents, Taconic is granted discretionary authority by its investors for the management and conduct of the affairs of the Funds for which we provide investment advisory services. We are responsible for and have the authority to identify, acquire, operate, manage, finance and sell investments. Other responsibilities include, but are not limited to, determining investment strategy, conducting research, portfolio management, asset management, property management, leasing supervision, construction and development oversight, administration and financial accounting.

When selecting and managing investments for its clients however, Taconic is subject to the investment guidelines and restrictions included in the PPM and organizational documents of each Fund.

Item 17 Voting Client Securities

Taconic provides investment advisory services with respect solely to real estate and real estate related investments. As such, Taconic votes on behalf of its clients with respect to decisions and actions undertaken by underlying ventures subject to the terms and restrictions of the partnership agreements entered into with third-party joint-venture partners at arm's length. A copy of policies and procedures related to such voting is available to clients and prospective clients upon request at 212-220-9945.

Item 18 Financial Information

Investment advisers such as Taconic are required to disclose any financial condition reasonably likely to impair our ability to meet contractual commitments to our clients. At this time, we have no information to report that is applicable to this item.

We do not require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. As such, we are not required to include a financial statement.

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