

Part 2A of Form ADV: *Firm Brochure*

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March 31, 2017

This brochure, dated March 31, 2017 (this “Brochure”), provides information about the qualifications, investment strategies and business practices of Heitman International Real Estate Securities GmbH (“HIRES GmbH” or the “Firm”), an investment adviser registered with the U.S. Securities and Exchange Commission (the “SEC”). Please note that SEC registration status does not indicate a particular level of skill or training of the Firm or its employees and that neither the SEC nor any state securities authority has approved this Brochure.

The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

If clients have any questions about the contents of this Brochure, please contact William Pogorelec at +1-312-425-0671 or by email at william.pogorelec@heitman.com. Additional information about the Firm is also available on the SEC’s website at www.adviserinfo.sec.gov. Clients can search this site by a unique identifying number, known as a CRD number or the Firm’s name. The Firm’s CRD number is 143681.

Item 2 Material Changes

The Firm is providing clients with this Brochure in compliance with the SEC's disclosure rules under the Investment Advisers Act of 1940 (the "Advisers Act").

This Brochure provides a summary of the Firm's qualifications, investment strategies, and business practices. The last annual update was March 30, 2016.

The following material changes are incorporated in this Brochure:

- Item 8 has been updated to refer to cybersecurity risk and insurance considerations related to real estate securities.

Any material changes to this Brochure and subsequent Brochures will be sent to clients within 120 days of the close of the Firm's fiscal year. Any interim disclosures about material changes will also be forwarded to clients as necessary.

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Item 4 Advisory Business

Background

The Firm is an SEC registered public securities investment adviser that has been in business since 2007 and has its principal place of business in Munich, Germany. The Firm is also registered with the German Federal Financial Supervisory Agency ("BaFin").

Ownership Structure

The entities controlling 25% or more of the Firm are:

- Heitman LLC ("HLLC"), 100% Shareholder of HIRES GmbH

In addition, the following information identifies those entities that directly ("D") or indirectly ("I") own 25% or more of HLLC:

- KE I LLC, Member of HLLC (D);
- OMAM (HFL) Inc., Member of HLLC (D);
- OMAM Inc., 100% shareholder of OMAM (HFL) Inc. (I);
- OMAM UK Limited, 100% shareholder of OMAM Inc. (I);
- OMAM US, Inc., 100% shareholder of OMAM UK Limited (I);
- OM Asset Management Plc, 100% shareholder of OMAM US, Inc. (I);
- OM Group (UK) Limited, approximately 51% shareholder of OM Asset Management Plc (I) as of December 31, 2016. Approximately 20% of OM Asset Management Plc was sold to the general public as part of an October 2014 IPO and additional shares were sold to the public as part of secondary offerings in June 2015 and December 2016. The stock is traded on the New York Stock Exchange under the symbol "OMAM."

Old Mutual plc (the indirect ultimate parent company of OM Asset Management plc, which, in turn is the direct beneficial owner of OMAM Inc. ("OMAM"), which is the parent of OMAM (HFL), Inc., a stakeholder in Heitman LLC) has announced that they have entered into an agreement to undertake a series of transactions (the "Share Sale Transactions") in which Old Mutual plc will sell certain of its shares in OM Asset Management plc to a third party, HNA Group Co. Old Mutual plc further announced that it intends to consummate the Share Sale Transactions in two tranches, and that the result of these sales, if executed in accordance with Old Mutual plc's announced plans, will leave Old Mutual plc with an approximate 26% ownership stake in OM Asset Management plc. The Heitman LLC operating agreement contains provisions regarding control changes in OMAM (HFL) and as a result, the ownership structure described herein for Heitman LLC may change as those provisions are activated.

- Old Mutual Plc, 100% shareholder of OM Group (UK) Limited (I).

Other Related Entities

Section 7.A of Schedule D in the Firm's Form ADV, Part I, which is accessible by following the directions on the Cover Page of this Brochure, discloses entities that are subsidiaries, either directly or indirectly, of the Firm's parent entity (hereafter collectively, "Heitman Affiliates"). This disclosure includes all registered investment adviser and broker dealer Heitman Affiliates.

Section 7.A of Schedule D also discloses Old Mutual Investment Group (South Africa) (Pty) Limited, which is a client of the Firm or its affiliated advisers. This entity is considered a "related person" in which Old Mutual owns an interest. See Item 10 for further details.

Other than the entities disclosed in Section 7.A of Schedule D, other entities that could be considered "affiliates" because of common ownership and control by Old Mutual plc are not listed in this section because the Firm: (i) has no business dealings with any of these advisers in connection with advisory services provided to our clients, (ii) does not conduct joint operations with any of these advisers, (iii) does not refer clients or business to any of these advisers and the advisers do not refer prospective clients or business to the Firm, (iv) does not share any supervised persons or premises with any of the advisers, and (v) has no reason to believe that the relationship with any of these advisers creates a conflict of interest with its clients.

Heitman Affiliates utilize limited partnerships or other pooled investment vehicles (the "Heitman Funds") for investment purposes principally for institutional investors. Heitman Affiliates also act as general partner, manager, or in other similar capacities and serve as the investment advisers of these Heitman Funds. Heitman Affiliates provide each prospective investor in a Heitman Fund with the fund's private placement memorandum or comparable offering document, which contains information specific to that investment opportunity.

Additionally, in certain cases, Heitman Affiliates create special purpose entities, including limited partnerships or similar vehicles that are comprised of one or more investors but which are not organized as Heitman Funds ("Client Entities"). Similar to Heitman Funds, Heitman Affiliates may act as general partner, managing member, or in a similar capacity and also serve as the investment adviser for these Client Entities. These entities are created for the purpose of facilitating certain investments in real estate on behalf of one or a limited number of clients. These types of structures are common for real estate investments and are utilized for tax efficiency and limited liability reasons.

Advisory Services

The Firm provides investment advice and investment management services with respect to investments in equity, convertible and debt instruments of publicly traded European real estate related companies, including real estate investment trusts ("REITs"), REIT-like entities and real estate operating companies ("REOCs").

In connection with the provision of the services described above, the Firm provides continuous advice to clients regarding the investment of client funds based on each client's stated objectives and strategies. Through direct discussions with each client from which

investment goals and objectives are identified, the Firm implements an investment policy that is documented in a separately negotiated investment management agreement (“IMA”).

The Firm provides advisory services to high net worth individuals and institutions. Examples of such advisory clients are registered investment companies, investment advisers, pension and profit sharing plans, and pooled investment vehicles. The Firm also presents the opportunity to invest in registered investment companies to its clients. The Firm manages these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives as set forth in each client's IMA (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, industry sectors, or other factors such as geographic location and social concerns.

The Firm's investment management is generally limited to securities of publicly traded real estate related companies as well as managing currency exposure, as required. Such securities may be in one or more of the following categories:

- Exchange-listed securities;
- Securities traded in over-the-counter markets;
- Foreign issuers; or
- Warrants.

Because some types of investments involve certain additional degrees of risk, they will only be implemented or recommended when consistent with the client's stated investment objectives.

UCITS Fund Portfolio Management

Heitman UCITS is registered under the laws of Luxembourg as an Undertaking for Collective Investment in Transferable Securities Fund (“UCITS Fund”). The Heitman European Real Estate Opportunity Fund (“HERO”) and Heitman Global Prime are Sub-Funds under Heitman UCITS. The Firm serves as the investment adviser to these Sub-Funds. Heitman UCITS is regulated by the Luxembourg Commission de Surveillance du Secteur Financier (“CSSF”).

As the investment adviser and investment manager to the HERO and Heitman Global Prime Sub-Funds, the Firm is responsible for developing, constructing and monitoring the asset allocation and portfolio management for the HERO and Heitman Global Prime Sub-Funds, in accordance with the investment objectives, policies, and restrictions, as stated in the prospectus for Heitman UCITS.

The Firm provides advisory services to the HERO and Heitman Global Prime Sub-Funds as described in the prospectus and Key Investor Information documents, which include important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. These documents are available on request by calling William Pogorelec at +1-312-425-0671.

Prior to making any investment in the HERO or Heitman Global Prime Sub-Funds, investors and prospective investors should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the HERO and Heitman Global Prime Sub-Funds.

Publication of Periodicals or Newsletters

The Firm's parent or Heitman Affiliates publish periodic reports, newsletters, and similar documents providing general information on various topics including, but not limited to, property and capital market trends, macro-economic conditions, property sector themes based on independent research. No specific investment recommendations are provided in this material and the information provided does not purport to meet the objectives or needs of any investor to do so. This material is distributed to the Firm's advisory clients. No fee is charged for such publications.

Amount of Managed Assets

As of 12/31/2016, the Firm was actively managing \$275,025,154 of client assets on a discretionary basis and \$39,035,924 of client assets on a non-discretionary basis.

Item 5 Fees and Compensation

Asset Management Fees

As compensation for its investment advisory services, the Firm is normally entitled to an annualized portfolio management fee, which is usually calculated and paid as a percentage of assets under management. In some instances, the Firm may earn fees based on performance (also referred to as an incentive fee) as well as assets under management. For additional information, please refer to the "Performance-Based Fees" section (Item 6).

Fees are negotiable and are generally paid quarterly in arrears. The Firm's customary practice is to provide quarterly invoices to the client, and in some cases to the client's custodian. Such fees are typically paid to the Firm through the custodian or other client designee. The terms and conditions of the fee structure for all clients are mutually agreed upon prior to entering into an advisory agreement.

Generally, the IMA may be canceled at any time, typically within 30 and 90 days of the date written notice was provided, by either party, for any reason upon receipt of such request. Upon termination of any account, any unearned fees will be promptly refunded and any earned but unbilled fees will be invoiced.

Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client mandate, amount of assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the IMA between the Firm and each client.

The Firm may group certain related client accounts for the purpose of determining the annualized fee. Clients should note that similar advisory services may be available from other registered (or unregistered) investment advisers for lower fees.

Asset Management Fees for Heitman UCITS

The Firm is the investment adviser to two of the Heitman UCITS Sub Funds. The fees paid to the Firm by Heitman UCITS are described in the Heitman UCITS prospectus.

There are other types of fees or expenses clients may pay in connection with the Firm's services, such as custodian fees or fund expenses. Clients may incur brokerage and other transaction costs, as set forth in the Heitman UCITS prospectus. These fees, which are paid by the Sub-Funds, are ultimately borne by the investor.

Additionally, as disclosed in the Heitman UCITS prospectus, the Firm may, in its sole discretion, waive or reduce its annual management fee and/or performance fee as well as reimburse certain expenses to the Sub-Funds to the extent necessary to ensure that the Sub-Funds' total annual operating and administrative expenses in any given year do not exceed the anticipated operating and administrative expense threshold for such year or to ensure that any such excess is immaterial. There is currently an expense cap in place for the Heitman Global Prime Sub-Fund. If at any time during which the investment management agreement between the Firm and the Sub-Funds are still in effect and the operating and administrative expenses for a given year are less than the anticipated threshold, the Firm may be entitled to recover from the Sub-Funds' prior reimbursed expenses or waived management or performance fees.

The Firm does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of UCITS. This practice presents a conflict of interest and gives individuals an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Please refer to the Heitman UCITS prospectus for information regarding minimum account size.

General Information

Additional Fees and Expenses. In addition to the Firm's advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers and/or local exchanges, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). These charges, fees and commissions are exclusive of and in addition to the Firm's advisory fees. The Firm shall not receive any portion of these commissions, fees or charges. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

ERISA Accounts. The Firm is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts ("IRAs") pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Internal Revenue Code"), respectively. As such, the Firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other

things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, the Firm may only charge fees for investment advice regarding products for which the Firm and/or its “related persons” do not receive any commissions or 12b-1 fees, or conversely, investment advice regarding products for which the Firm and/or its “related persons” receive commissions or 12b-1 fees, however, only when such fees are used to offset the Firm's advisory fees.

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

Performance-Based Fees

The Firm may enter into an IMA that includes a performance-based fee from the client, in addition to the asset management fee described in Item 5. Such performance-based fee is calculated in accordance with the IMA, which may be based on capital appreciation of the assets of the client as well as interest and dividends. As such, the Firm may receive increased compensation with regard to unrealized appreciation as well as unrealized gains in the client's account.

Clients should be aware that performance-based fee arrangements may create an incentive for the Firm to recommend investments, which may be riskier or more speculative than those that would be recommended under a different fee arrangement. In instances in which the Firm's investment management services are provided primarily or solely utilizing an incentive fee based compensation schedule, advisory clients should recognize that such fee arrangements could create an investment conflict. There is an inherent conflict of interest to engage in riskier investments with greater potential profitability.

Furthermore, as the Firm also has clients who do not pay performance-based fees, the Firm has an incentive to favor accounts that do pay such fees because compensation the Firm receives from these clients is more directly tied to the performance of their accounts. However, inasmuch as all client accounts using the same strategy are traded in a consistent manner that is dictated by the model portfolios, the presence of performance fees would not favor such accounts over accounts where such fees are not charged.

INCENTIVE OR PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF RULE 205-3 OF THE INVESTMENT ADVISERS ACT OF 1940.

Item 7 Types of Clients

The Firm may provide advisory services to affiliated investment advisers, registered investment companies, commingled vehicles and separate account portfolios managed for business and institutional entities and high net worth individuals. The Firm or its affiliates may serve as the investment manager to open-ended and finite-term unit trusts and funds formed pursuant to the laws of various jurisdictions.

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

Methods of Analysis

The Firm may use the following methods of analysis in formulating its investment advice and/or managing real estate related client assets:

Fundamental Analysis. The Firm may attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. The Firm may analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Quantitative Analysis. The Firm may use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. The Firm may subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk in using qualitative analysis is that the Firm's subjective judgment may prove incorrect.

Risks for all forms of analysis. The Firm's securities analysis methods rely on the assumption that the companies whose securities it purchases and sells, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While the Firm is alert to indications that data may be incorrect, there is always a risk that its analysis may be compromised by inaccurate or misleading information.

Investment Philosophy. The Firm provides investment management and advisory services for institutional investors and high net worth individual investors wishing to invest in publicly traded real estate related companies listed on various European exchanges.

The Firm provides investors with an experienced, disciplined and in-depth investment approach, which includes fundamental securities analysis. It seeks for its clients those

investments that will outperform established benchmarks by purchasing securities of companies with superior growth prospects or securities that it deems undervalued.

The investment horizon of the Firm is primarily intermediate to long-term. However, with respect to the Heitman UCITS HERO Sub-Fund, the Firm utilizes different holding periods associated with the various investment styles employed by the HERO Sub-Fund. The nature of the underlying real estate assets dictates this approach. However, the Firm frequently reevaluates each position in terms of national and local economic conditions, rents, occupancy levels and competition, and changes in management strategies.

Sources of Information. An important part of the Firm's analysis is individual property site visits. Properties are analyzed to determine underlying economic values, the consistency and quality of cash flow, the potential for growth through re-leasing or physical enhancement, and their ability to employ leverage to positively enhance their results. The Firm maintains contact with industry sources such as bankers, real estate brokers, property managers, local real estate investors and appraisers to access individual properties and local real estate trends. In addition, Heitman Affiliates' experience in private equity real estate and debt investment, in combination with information from sector specialists within Heitman Affiliates' research team, provides the Firm with insights into trends, market turns and investment strategy execution across the spectrum of real estate investing.

Investment Strategies

The Firm may use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with a client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. The Firm may purchase securities with the idea of holding them in a client's account for a year or longer. Typically, the Firm employs this strategy when:

- it believes the securities to be currently undervalued, and/or
- it wants exposure to a particular asset class over time.

Risks associated with a long-term purchase strategy are described below.

Short-term purchases. When utilizing this strategy, the Firm may purchase securities with the idea of selling them within a relatively short time. The Firm does this in an attempt to take advantage of conditions that it believes will soon result in a price swing in the securities it purchases. Risks associated with a short-term purchase strategy are described below under *Risk of Loss – Trading*.

Compliance. The Firm's parent has a Compliance Committee that reviews and evaluates compliance issues and potential risks deemed to affect the Firm and its affiliates and ensures such issues are addressed. These compliance issues include, among others things, matters involving Know Your Customer, Anti Money Laundering, Privacy and Pay-to-Play. Controls are evaluated, enhanced and/or established to manage such risks. All IMAs are reviewed by compliance prior to execution. Customized checklists are prepared to address all IMA requirements and these checklists are then audited.

Risk of Loss

Investing in real estate investment trust securities may be subject to the principal risks summarized below. These risks could adversely affect the investment's value, yield and total return. It is possible to lose money by investing in these securities.

Stock Market Risk. The value of the stocks and other securities held as investments will fluctuate depending on the performance of the companies that issued them, general market and economic conditions, and investor confidence. The market may also fail to recognize the Firm's determination of an investment's value or the Firm may misgauge that value.

Industry and Sector Risk. Companies that have similar lines of business are grouped together in broad categories called industries. Certain industries are grouped together in broader categories called sectors. The Firm concentrates its investments in certain real estate related industries, which may cause the investment's performance to be susceptible to the economic, business or other developments that affect those industries. Real estate industries are particularly sensitive to the following economic factors: decreases in demand due to economic recessions; increases in supply due to overbuilding; interest rate changes; changes in zoning laws; changes in neighborhood values; increases in property taxes; casualty and condemnation losses; and regulatory limitations on rents.

Portfolio Turnover Risk. The Firm may sell its investment securities, regardless of the length of time that they have been held, if the Firm determines that it would be in the best interests of the investors to do so. These transactions will increase the investment's "portfolio turnover." High turnover rates generally result in higher brokerage costs to the investors and in higher net taxable gain that may reduce investor returns.

Currency Risk and Exchange Risk. Because foreign securities generally are denominated and pay dividends or interest in foreign currencies, the value of the investments in foreign securities as measured in local currency will be affected favorably or unfavorably by changes in exchange rates. Generally, when the local currency rises in value against a foreign currency, a security denominated in that local currency loses value because the currency is worth fewer dollars. Conversely, when the local currency decreases in value against a foreign currency, a security denominated in that currency gains value because the currency is worth more local dollars. This risk, generally known as "currency risk," means that a stronger local currency will reduce returns for investors while a weak local currency will increase those returns.

Long-Term Purchases. A risk in a long-term purchase strategy is that by holding the security for this length of time, the Firm may not take advantage of short-term gains that could be profitable to a client. Moreover, if its predictions are incorrect, a security may decline in value before the Firm makes the decision to sell.

Trading. As noted above, the Firm sometimes purchases securities with the idea of selling them very quickly (typically within 30 days or less). The Firm does this in an attempt to take advantage of its predictions of brief price swings. The Firm considers its investment strategy longer-term in nature, and trading on a short-term basis is not the primary focus.

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, the Firm is left with few options:

- having a long-term investment in a security that was designed to be a short-term purchase, or
- the potential of having to taking a loss.

In addition, because this strategy involves more frequent trading than does a longer-term strategy, there will be a resultant increase in brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Option writing. The Firm may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives the Firm the right to buy an asset at a certain price within a specific period of time. The Firm will buy a call if it has determined that the stock will increase substantially before the option expires.
- A put gives the Firm as the holder the right to sell an asset at a certain price within a specific period of time. The Firm will buy a put if it has determined that the price of the stock will fall before the option expires.

The Firm may use options to speculate on the possibility of a sharp price swing. The Firm may also use options to “hedge” a purchase of the underlying security; in other words, the Firm may use an option purchase to limit the potential upside and downside of a security it has purchased for client portfolios.

The Firm may use “covered calls,” in which it sells an option on a security that clients own. In this strategy, clients receive a fee, called a “premium,” for making the option available, and the person purchasing the option has the right to buy the security from those clients at an agreed-upon price.

The Firm may use a “spreading strategy,” in which it purchases two or more option contracts (for example, a call option that clients buy and a call option that clients sell) for the same underlying security. This effectively puts clients on both sides of the market, but with the ability to vary price, time and other factors.

Volatility of Investment Results. As with any investment in equity securities, the value of an investment in any of the Firm’s strategies and the total return on an investor’s investment are subject to the possibility that the subject portfolio of investments will experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect the securities markets generally, such as adverse changes in economic conditions, the general outlook for corporate earnings, interest rates or investor sentiment. The Firm’s investments may also lose value because of factors affecting an entire industry or

sector, such as increases in production costs, or factors directly related to a specific company, such as decisions made by its management.

Concentration of Portfolio. The various strategies executed by the Firm may result in the concentration in a limited number of securities, or one security may constitute a significant percentage of a particular portfolio. A decline in the value of a security or securities in which the portfolio holds a concentrated interest could substantially affect the value of the portfolio overall.

Risks of Investing in Foreign Securities. Some of the Firm's strategies may require investing in foreign securities that will be subject to risks not typically associated with domestic securities. Although ADRs and GDRs are alternatives to directly purchasing the underlying securities in their national markets and currencies, they are also subject to many of the risks associated with investing directly in foreign securities. Foreign investments can be riskier and more volatile as a result of varying custody, brokerage and settlement practices, difficulty in pricing of securities, less public information about issuers of such securities, less governmental regulation and supervision of the issuance and trading of securities, the possibility of expropriation or nationalization, adverse political, social or diplomatic developments, the imposition of withholding and other taxes, limitations on the movement of funds between different countries, and difficulties in invoking legal process abroad and enforcing contractual obligations. Changes in the value of foreign currencies can make it more difficult for the portfolio holding such securities to sell its securities and could reduce the value of an investment in the portfolio.

Conflicting Interest of Clients. The Firm's clients may have conflicting tax and other interests with respect to their investments. The conflicting interests of individual clients may relate to or arise from, among other things, the timing of investments by the Firm and the taxable or tax-exempt status of individual clients. As a consequence, potential conflicts of interest may arise in connection with decisions made by the Firm, including with respect to the timing of making or disposing of investments, that may be more beneficial for one client than for another client, especially with respect to each client's individual tax situation.

Strategy May Not Be Successful. No guarantee or representation can be made that the investment strategy utilized on behalf of any client will be successful, that there will be profits, or that losses will be avoided. There is no assurance that the Firm or its affiliates will correctly evaluate the nature and magnitude of the various factors that could affect the prospects of the Firm's trading.

Potential Loss of Invested Capital. A client could lose all or substantially all of its investment managed by the Firm. Investments in the previously described strategies are only suitable for investors willing to accept this risk. Prospective investors should carefully consider their portfolio objectives and their need to minimize the risk of large losses in evaluating an investment in the Interests. The past investment performance of the Firm should not be construed as an indication of the future results of an investment managed by the Firm.

Dependence on Affiliated Advisers and their Officers. The Firm and any affiliated advisers may have discretionary investment authority over clients' investments. The success of these investments will depend upon the ability of the Firm and any of its affiliated advisers that are

utilized to implement their investment strategies successfully. A client's investment performance will be dependent on the services of a limited number of officers of the Firm and its affiliated advisers. If the services of the officers were to become unavailable to the Firm and its affiliated advisers, the result of such a loss of key management personnel could be substantial losses for the Firm's clients.

Real Estate Securities. The Firm concentrates its investments in real estate securities. An investment made by the Firm on behalf of its clients will not constitute a diversified investment program. Real estate securities are susceptible to the risks associated with direct ownership of real estate, including, without limitation, declines in property values; increases in property taxes, operating expenses, interest rates or competition; overbuilding; zoning changes; risks related to general and local economic conditions; eminent domain; fluctuations in rental income; changes in neighborhood values; the appeal of properties to tenants; and losses from casualty or condemnation.

Real estate companies may be affected by changes in the value of the underlying property they own and by the quality of credit extended. Such companies also are subject to heavy cash flow dependency, defaults by borrowers, self-liquidation and the possibility of failing to qualify for tax-free pass-through of income under applicable income tax regulations in the jurisdiction of the companies.

REITs may expose the Firm's investments to similar risks associated with direct investment in real estate. REITs are dependent upon specialized management skills, have limited diversification and are generally dependent on their ability to generate cash flow to make distributions to shareholders. The requirements for qualification as a REIT are extremely complex. It is possible that a real estate company that purports to be a REIT may fail to qualify as such. In that event, the purported REIT would be subject to corporate level taxation, which would significantly reduce the return on investment in such enterprise.

Insurance Considerations relating to Real Estate Securities. Certain real estate related companies may, in connection with the issuance of securities, have disclosed that they carry comprehensive liability, fire, flood, terrorism, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. Such insurance is not uniform among real estate companies. There are certain types of extraordinary losses that may be uninsurable, or not economically insurable. Should any type of uninsured loss occur, such real estate related company could lose its investments in, and anticipated profits and cash flows from, a number of properties which, as a result, would adversely impact the company and its value.

Credit Risk. Real estate companies may be highly leveraged and financial covenants may affect the ability of real estate companies to operate effectively. The companies in which the Firm invests are subject to risks normally associated with debt financing. In addition, a real estate company's obligation to comply with financial covenants, such as debt-to-asset ratios and secured debt-to-total asset ratios, and other contractual obligations may restrict the company's range of operating activity. A real estate company in which the Firm invests, therefore, may be limited from incurring additional indebtedness, selling its assets and engaging in mergers or making acquisitions, which may be beneficial to the operation of the company.

Environmental Considerations. In connection with the ownership (direct or indirect), operation, management and development of real properties that may contain hazardous or toxic substances, a real estate company may be considered an owner or operator of such properties or as having arranged for the disposal or treatment of hazardous or toxic substances and, therefore, may be potentially liable for removal or remediation costs, as well as certain other costs, including governmental fines and liabilities for injuries to persons and property. The existence of any such material environmental liability could have a material adverse effect on the results of operations and cash flow of any such real estate company and, as a result, the amount available to make distributions on its shares could be reduced.

Small and Medium Capitalization Companies. Even the larger real estate companies in the industry tend to be small to medium-sized companies in relation to the equity markets as a whole. There may be less daily trading volume in a smaller company's stock, which means that buy and sell transactions in that stock could have a larger impact on the stock's price than is the case with larger company stocks. Further, smaller company stocks may perform in different cycles than larger company stocks. Accordingly, real estate company shares can be more volatile than, and at times will perform differently from, the shares of "blue chip" companies.

Basis Risk. This may occur when the prices of two assets that normally follow an established relationship to one another show a large change in their relative prices. This could lead to capital losses for a portfolio if it has positions in both and they move in an unfavorable direction.

Contracts for Differences ("CFDs"). The Firm may employ risk management techniques with the aim of ensuring it can dispose of the necessary assets at any time in order to pay redemption proceeds resulting from redemption requests and to meet its obligations resulting from contracts for differences and other techniques and instruments.

A CFD is a contract between two parties, buyer and seller, stipulating that the seller will pay to the buyer the differences between the current value of an asset (a security, instrument, basket or index) and its value at contract time. If the difference is negative, then the buyer pays instead to the seller.

CFDs allow investors to take synthetic long or synthetic short positions with a variable margin, which unlike future contracts, have no fixed expiry date or contract size. Unlike shares, with CFDs the buyer is potentially liable for far more than the amount they paid on margin.

Interest Rate Risk. The Firm may invest in bonds and other fixed income securities, which could be a significant influence on the portfolio's value due to changes in the general level of interest rates. If interest rates fall, the value of the portfolios' shares will tend to rise. If interest rates rise, the value of the portfolios' shares will tend to fall. Depending on a portfolio's holdings, short-term interest rates can have a different influence on a portfolio's value than long-term interest rates. If a portfolio invests primarily in bonds and other fixed-income securities with longer-term maturities, the biggest influence on the portfolio's value will be changes in the general level of long-term interest rates. If the Firm invests primarily in bonds and other fixed-income securities with shorter-term maturities, the biggest influence on the portfolios' value will be changes in the general level of shorter-term interest rates.

Exchange Traded and OTC Derivatives. From time to time, the Firm or its affiliates may engage, on behalf of its clients in various types of over the counter and exchange traded derivative products when appropriate for certain investment transactions. Some of these may include:

- Futures contracts (both deliverable and cash-settled);
- Futures options (which are options over a futures contract);
- Foreign exchange forwards;
- Exchange traded options; and
- Swaps (i.e. total return swaps, CFD swaps, credit default swaps, synthetic securities, etc.).

Hedging Risk. Using derivatives for hedging may not always work and it could limit a portfolio's potential to make a gain.

Pricing Risk. The price of a derivative may not accurately reflect the value of the underlying currency or security.

Differences in Client Performance Results. There may be differences in client performance results for any given strategy based upon factors such as the amount of the investments made for each client account and the timing associated with when such investment is made.

Risk Characteristics of the Trading Strategy. The risk characteristics for an actual portfolio for any given strategy (standard deviation, beta, Sharpe Ratio, etc.) could vary substantially from those shown for a model analysis. There is no assurance that any desired risk characteristics will actually be achieved for an actual portfolio following any given strategy. This is particularly the case since the Firm may invest in real estate investments that are neither REIT nor REOC interests.

Risks of Exchange Traded Derivatives and Foreign Exchange Contracts. Derivatives and foreign exchange contracts have certain risks associated with them. Some of the more common risks are:

- **Liquidity risk management:** the risk that a responsible party may not be able to, or cannot easily, unwind or offset a particular position at or near the previous market price
- **Exchange rate risk:** the risk of losses due to adverse moves in exchange rates
- **Market risk:** Basis risk, a related form of market risk that is relevant to derivative management. This is the risk that a derivative position held will not move in line with an underlying physical position from which its value is derived
- **Counterparty risk:** the risk that a counterparty (the other party with whom a derivative contract is made) fails to perform their contractual obligations (that is, default either in whole or in part) under a contract
- **Operational risk:** the risk that deficiencies in the effectiveness and accuracy of the information systems or internal controls will result in material loss

Reliance on Portfolio Models. If there is an error in the design of a portfolio model that is not detected, there is a risk that the client accounts would not be traded in accordance with the client's investment objectives.

Possession of Material Non-Public Information and Contractual Restrictions on Trading. The Firm may come into possession of material non-public information ("MNPI") in connection with securities transactions that would prevent it from buying or selling securities about which the MNPI relates until such time as the information is no longer material or the material information is released publicly. Similarly, the Firm may agree by contract to refrain from trading in certain securities. This can occur, for example, if it buys a security and as a pre-condition to the purchase, sign an agreement that prevents it from selling the security or buying more of that security or a related security covered by such agreement until the restrictions imposed by the agreement expire. Additionally, the Firm may come into possession of MNPI as a result of a securities transaction through discussions with the issuer, or by contract. In any of these types of circumstances, the Firm will be bound by applicable law or the contract. In those cases, the Firm will be prohibited from selling an existing position, even if it is declining in value, and the Firm will be prohibited from buying more of that position (or securities of related companies, if covered by an agreement or the MNPI is about related companies) even if the value of such company's stock is increasing. Accordingly, client accounts could be frozen in a security position for a prolonged period of time, or client accounts could be prevented from owning a security position as a result.

Cybersecurity Risk. The Firm and its affiliates collect and store sensitive data in their data centers and on their networks, including proprietary business information and personal information relating to their clients and employees. The secure processing, maintenance and transmission of such information is critical to the Firm's and its affiliates operations. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. A breach could compromise the Firm or its affiliates' networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or regulatory proceedings, disruption in operations, or otherwise damage the business of the Firm.

Item 9 Disciplinary Information

The Firm is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of the Firm's advisory business or the integrity of its management. The Firm and its management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

As described in Item 4, Heitman Affiliates are registered as investment advisers and broker dealers. The Firm's affiliates conduct the following business activities:

- Heitman Real Estate Securities LLC ("HRES"), Heitman International Real Estate Securities HK Limited ("HIRE HK") and Heitman International Real Estate Securities

Pty Limited (“HIRES Pty”) are SEC registered investment advisers that manage portfolios composed principally of publicly-traded equity securities of real estate investment trusts and other real estate related securities. HIRES HK is also registered with the Securities and Futures Commission (“SFC”) in Hong Kong and HIRES Pty is also registered with the Australian Securities and Investments Commission (“ASIC”) in Australia.

- The Firm may employ HRES and/or HIRES HK, which are Heitman Affiliates, as discretionary subadvisers or non-discretionary service providers for Global and Prime Strategies. When the Firm employs any Heitman Affiliate as a discretionary subadviser or non-discretionary service provider, the Firm pays the Heitman Affiliate a pro-rata share of the portfolio management fee that it collects and clients are not responsible for any additional fees.
- HRES, HIRES HK and HIRES Pty from time to time will draw upon the market research capabilities of the Firm’s parent in making its portfolio selections.
- HIRES Research Limited provides research services to HIRES GmbH.
- Heitman UCITS, a *societe d’investissement a capital variable* (investment company with variable capital) is incorporated as a *societe anonyme* under the laws of Luxembourg, and is structured as an umbrella fund. HERO and Heitman Global Prime are Sub-Funds under Heitman UCITS. The Firm serves as the investment adviser to both Sub-Funds and HRES and HIRES HK serve as subadvisers to the Global Prime Sub-Fund. Heitman UCITS is regulated by the CSSF.
- The Firm and its affiliates provide investment sub-advisory services to Old Mutual Investment Group (South Africa) (Pty) Limited (“OMIGSA”), a “related person.”
- Heitman Securities LLC (“HSL”) is a registered broker dealer and member of the Financial Industry Regulatory Authority. Heitman UK Limited (“HUK”) is a broker dealer registered with the United Kingdom’s Financial Conduct Authority (“FCA”). Heitman HK Limited (“HHK”) is licensed as a placement agent by the SFC. From time to time, the Firm or its affiliates may utilize the services of HSL, HUK or HHK as a placement agent for security offerings of Heitman Funds. The broker dealers will not engage in any transactions involving publicly traded real estate securities.
- Several personnel of the Firm and Heitman Affiliates are registered representatives or approved persons of these registered broker dealers. These persons do not receive direct compensation for their broker dealer or placement agent duties.
- Heitman Capital Management (“HCM”), Heitman International LLC (“HI”) and Heitman International HK Limited (“HI HK”) are private equity SEC registered investment advisers. HI HK is also registered with the SFC in Hong Kong. These entities conduct global advisory business managing private equity real estate investments for pooled investment vehicles and separate account clients.
- Heitman Management Company S.a.r.l. (“HMC Sarl”) has been structured as a wholly owned subsidiary of Heitman International S.a.r.l. (“HI Sarl”). HMC Sarl is registered with the CSSF as an alternative investment fund manager (“AIFM”) under the Alternative Investment Fund Managers Directive (“AIFMD”), which was promulgated by the European Union. In accordance with the requirements of the AIFMD, it is contemplated that HMC Sarl will act as the AIFM for Heitman sponsored funds

designed to invest in real estate that are established in Luxembourg and, as such, will provide investment management functions (i.e., risk management and portfolio management), administration and marketing functions to these funds.

- Heitman Germany GmbH is a Heitman Affiliate that operates as an asset manager and supervises third party property managers that provide services to properties owned by Heitman clients. There is no additional fee charged to the client for these services.
- Heitman International – Japan Branch is a branch of HI, located in Tokyo, Japan, which acts as an operational liaison and assists in reporting to public securities and private equity Asia Pacific clients. In addition, the branch office markets certain Heitman sponsored private equity funds to Asia Pacific investors. It also provides client service and reporting services to existing investors in a Heitman Affiliate's open-ended fund. Further, this entity provides non-discretionary advice to the Firm and its affiliates. In accordance with Japanese law, Heitman International- Japan Branch is registered as an investment adviser with Kanto Local Finance Bureau, which has delegated responsibilities of this branch to the Financial Services Agency of Japan.
- Note that a couple Heitman Affiliate officers, located in Japan, in their capacity as an officer of the general partners of certain Heitman Funds, are permitted under local law to market interests in those Heitman Funds to qualifying investors that are located in Japan. These individuals do not receive any direct commissions or other special compensation in connection with these activities.
- Heitman International – Seoul Branch is a branch of HI that is located in Seoul, South Korea. The Seoul branch conducts basic marketing activities, to build Heitman's name/brand recognition in the market and generally promotes Heitman's profile. The Seoul branch acts as the relationship manager and liaison in respect to existing and future Korean based clients.
- The Firm's parent provides certain central office support functions such as compliance and anti-money laundering monitoring, human resources, information technology, and other similar enterprise wide activities.

In the event that any of its affiliations present potential conflicts of interest, the Firm will either resolve the conflict of interest or follow established written policies and procedures for disclosing such conflicts of interests to its clients.

Other pooled investment vehicles

As described in Item 4, Heitman Affiliates create limited partnerships or similar pooled investment vehicles referred to as "Heitman Funds" or "Client Entities." Heitman Affiliates serve as investment adviser to such entities. As described earlier in this section, the affiliates solicit investors for these pooled investment vehicles through affiliated broker dealers. Further, unaffiliated third parties may, in some cases, solicit investors to invest in these entities, as described in Item 14.

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

The Firm has adopted a Code of Ethics (the “Code”), which sets forth standards of business conduct required of all of its officers, managers and employees and requires its employees to maintain integrity and ethical dealings with clients and comply with all applicable laws and regulations of the various jurisdictions in which the Firm operates. The Code includes the establishment and enforcement of policies and procedures reasonably designed to prevent the misuse of material, nonpublic information.

The Firm and its personnel owe a duty of loyalty, fairness, and good faith to its clients and have an obligation to adhere to the specific provisions of the Code as well as the general principles that guide the Code.

The Firm designed the Code to ensure that the personal securities transactions, activities, and interests of its employees will not interfere with: (i) making decisions in the best interest of clients, and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

The Code includes policies and procedures for the review of quarterly securities transactions reports and initial and annual securities holdings reports submitted by all of the Firm’s Access Persons and their Family Members. The Code requires the prior approval or prohibition of certain securities transactions. It also contains oversight, enforcement, and recordkeeping provisions.

Further, Access Persons certify on a quarterly basis and Supervised Persons certify on an annual basis that they have complied with the requirements of the Code. In addition, a mandatory firm-wide compliance meeting is conducted annually. The meeting addresses policies applicable to all employees of the Firm such as review of the Code, privacy compliance and anti-money laundering compliance.

It is possible that “related person(s)” will have an interest or position in certain securities that the Firm recommends to a client.

The Firm’s express policy is that no employee may purchase or sell any security prior to implementing a transaction for an advisory account. This policy is intended to prevent employees from benefitting financially from transactions placed on behalf of advisory accounts.

The Code further includes the Firm’s policy prohibiting the use of material nonpublic information. It informs all employees that such information cannot be used in any capacity.

A copy of the Firm’s Code of Ethics is available to its advisory clients and prospective clients. Clients may request a copy by email sent to molly.nelson@heitman.com or by calling +1-312-912-6658.

As an investment adviser, the Firm has fiduciary responsibilities with respect to each of its clients. This means that the Firm is required to act in each client’s best interests and to deal

with client assets in such a manner as to benefit the client. Compliance with the Firm's fiduciary duty can be achieved by trying to avoid conflicts of interest and by fully disclosing all material facts concerning any conflict that may arise with respect to any client. The Firm employees are required to try to avoid situations that have even the appearance of conflict or impropriety.

Senior officers of the Firm (or their functional equivalent) may also be senior officers or "related persons" of affiliated investment advisers and/or limited partnerships and other similar entities that serve in the capacity of or in a similar capacity to a General Partner of the Heitman Funds. The General Partner has designated the Firm or an affiliate of the Firm as having primary responsibility for investment management and administrative matters, such as accounting, tax and periodic reporting, that pertain to the entities. The Firm and its affiliates and their managers, officers and employees will devote to the entities as much time as necessary and appropriate to manage the entities' business. However, the Firm and its affiliates form additional investment funds, enter into other investment advisory relationships, and engage in other business activities, even though such activities may be in competition with the entities and those other activities may involve substantial time and resources of the Firm and its affiliates. Potentially, such activities could be viewed as creating a conflict of interest in that the time and effort of the Firm's management personnel and employees will not be devoted exclusively to the business of the entities but allocated between the businesses of the entities and those of the Firm's other affiliates.

Certain entities ("Firm Related Entities") have been established by the Firm's affiliates to invest in commingled funds or other real estate related investment vehicles sponsored or created by the Firm's parent entity or one of its direct or indirect subsidiaries ("Investment Entities") to develop, acquire, own and/or operate, and ultimately sell interests in office, multi-family residential, industrial, specialty sector, and/or retail properties located principally in North America, Europe and the Asia Pacific region. The beneficial owners of the Firm Related Entities, in all cases, consist of: (i) present employees of the Firm's parent entity or a Heitman Affiliate; and (ii) one or more affiliates of a public company that has subsidiaries that directly and indirectly own 50% of the Firm's parent entity.

Item 12 Brokerage Practices

Selection of Brokers

Ongoing portfolio management decisions for discretionary accounts are made by the Firm, including the commission rates at which transactions for client accounts will be effected, with the objective of obtaining the most favorable price and market for the execution of each transaction.

In seeking best execution, the Firm evaluates a wide range of criteria before placing a trade with a broker or dealer, including the broker's commission rates, execution capability, positioning and distribution capabilities, back office efficiency, ability to handle difficult trades, financial stability and prior performance in serving the Firm and its clients. Once the Firm has considered a broker or dealer's ability to provide a favorable price and best execution, the Firm considers whether the broker can provide certain eligible investment research and/or brokerage services.

Commission Sharing

The Firm as a matter of policy utilizes research, research-related products and other brokerage services on a commission sharing basis. The Firm's commission sharing policy is to make a good faith determination of the value of the research products or services in relation to the commissions paid. The Firm maintains commission sharing arrangements for those research products and services that assist the Firm in its investment decision-making process.

The Firm and/or affiliated public securities investment advisers have agreements with several brokers to obtain in return for directing to such brokers securities transactions for which commissions are paid, various research products and services eligible pursuant to the safe harbor provision of Section 28(e) of the Securities Exchange Act of 1934, as amended. Certain of these agreements provide for "commission sharing" credits whereby the commissions paid by the Firm create credits which the broker uses to provide research products or services to the Firm. The Firm may also enter into "pooled commission programs" whereby a commission sharing credit pool will be generated from total commission costs. The Firm may then exchange eligible research products and services from credits that accumulate within this pool. Over the past several years, the Firm has obtained and may continue to obtain various eligible services in exchange for commission sharing credits.

To the extent these uses are not all considered strictly research-related (i.e., a "mixed-use" product), the Firm makes an appropriate allocation of the cost between that portion which is eligible as research or brokerage services and that portion which is not so qualified. The portion eligible as research or other brokerage will be paid for with discretionary client commissions and the portion, which is not eligible for the safe harbor under Section 28(e) of the Securities Exchange Act of 1934, will be paid for with Firm's own funds. For any mixed-use products or services, the Firm maintains appropriate records of its reviews and good faith determinations of its reasonable allocations.

Clients should be aware that the Firm may have a conflict between its obligations to obtain the best price and execution of the fewest necessary securities transactions and its desire to acquire research services with commission credits ("commission sharing") from the executing brokers. The Firm may also have an incentive to minimize its allocation of the mixed-use category, from the 100% commission sharing category since the portion of mixed-use assets allocated to hard dollars increases the Firm's expenses in the amount of the hard dollars.

Notwithstanding agreements with brokers to obtain research and brokerage services, the Firm will not direct commissions to brokers in recognition of their having provided research, statistical or other related services in excess of commissions other qualified brokers would have charged for handling comparable transactions. However, subject to the requirement of seeking the best execution, the Firm may, in circumstances in which two or more brokers are in a position to offer comparable prices and execution, give preference to brokers that have provided research, statistical and other related services to the Firm for the benefit of all of its clients. The Firm may even pay more than the lowest available commission rate in return for brokerage and research products and services, so long as the Firm makes a good faith determination that the amount of commission paid is reasonable in comparison to the value of brokerage and research products and services provided.

The brokers with whom the Firm has such agreements may change from time to time. The Firm has arrangements with many broker dealers. The Firm considers which broker dealer is best able to execute an order based on the type of order and circumstances surrounding the order. In selecting broker dealers, and in negotiating commissions on agency transactions, the Firm considers a number of factors, including, but not limited to: the nature of the security being traded; the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security; confidentiality, including trade anonymity; liquidity; the quality of the execution, clearance and settlement services; the existence of actual or apparent operational problems of any broker or dealer; and financial stability of the broker or dealer. In addition, the Firm may consider the value of research products or services provided by a broker.

Research and brokerage services received from such brokers and dealers covers a wide range of topics and services, including basic economic data, prices of various government securities, company specific information including the EDGAR filings of securities issuers, economic indices, economic outlook, political environment, demographic and social trends, industry analysis, electronic communication of allocation instructions and trade routing.

Brokerage and research services obtained with commission sharing credits are not necessarily utilized for the specific account that generated the credit. The Firm does not attempt to allocate the relative costs or benefits of brokerage and research services among clients because it believes that, in the aggregate, the brokerage and research services it receives benefit clients and assists the Firm in fulfilling its overall duties to its clients.

The Firm may use the products or services provided or paid for by broker dealers in return for execution of securities transactions to service all accounts managed by the Firm and its affiliates, including clients of affiliated advisers, and not just the accounts whose transactions paid for particular products or services. Moreover, it is possible that the accounts whose transactions generate brokerage commissions that are used to pay for products or services may not benefit in any way from them. However, the Firm expects that each client will benefit overall by this practice because each receives the benefit of research services that it might not otherwise receive. To the extent the Firm uses broker dealers that generate commission sharing credits in order to supply it with research; this constitutes a potential conflict of interest since the Firm may be incentivized to utilize those broker dealers in order to minimize research expenses for which it would otherwise be responsible.

The Firm may supply proprietary research to the HLLC Client Service - Marketing and Research groups (collectively, the "Support Group") if the Support Group uses the proprietary research solely to assist the Firm in carrying out its investment decision-making responsibilities for its clients. Investment decision-making responsibilities refers to the quantitative and qualitative processes and related tools used by the Firm in rendering investment advice to its clients, including, but not limited to, financial analysis, trading and risk analysis, securities selection, asset allocation, and suitability analysis.

The Firm may use the products or services provided or paid for by broker dealers in return for execution of securities transactions to service all accounts managed by the Firm, and not just the accounts whose transactions paid for particular products or services.

The Commission sharing policy is reviewed at least annually.

Global Strategy Accounts

For certain Global Strategy, Prime and Prime Select accounts, the Firm may retain affiliated advisers to make the investment decisions with respect to publicly traded real estate securities principally in North America and the Asia Pacific region. The Firm may also delegate brokerage discretion for certain Global Strategy, Prime and Prime Select accounts to the affiliated advisers, and, therefore, the affiliated advisers have the discretionary authority to determine which broker dealers will be used when purchasing and selling principally North American and Asia Pacific securities on behalf of those accounts. For certain other Global Strategy, Prime or Prime Select accounts, the Firm may retain the affiliated advisers to make investment recommendations with respect to publicly traded real estate securities principally in North America and the Asia Pacific region; however, the Firm retains investment discretion and brokerage delegation responsibilities.

In selecting brokers to effect purchase and sale transactions, affiliated advisers take into consideration a number of factors, including the overall best execution results to a client, the broker's commissions, financial strength, stability and trade efficiency.

For trades executed in a currency other than the account's base currency a Spot FX transaction is necessary to facilitate trade settlement. The Firm will generally use an unaffiliated third party to execute those Spot FX transactions.

UCITS Sub-Funds

The investment policies, including the brokerage policies for the HERO and Heitman Global Prime Sub-Funds are set forth in the Heitman UCITS prospectus.

Order Execution and Allocation

The Firm often purchases and sells the same security at the same price and time for more than one client because: (i) the Firm typically makes similar trade recommendations for similar strategies that it manages, (ii) the Firm only recommends a limited number of real estate related securities, and (iii) numerous clients have similar investment objectives and similar portfolios. The Firm generally allocates orders among participating accounts on a pro rata average price basis. Consistent with its best execution obligations and the terms of its investment advisory agreements, the Firm will typically aggregate or "bunch" multiple client orders for the purchase and sale of the same security and allocate such transactions as previously described with each participating client's proportionate share of such order, reflecting the average price paid or received with respect to the total order placed for that day. Aggregate or bunched transactions may result in better prices, including lower commission costs and/or better execution for larger orders than single orders with smaller volumes.

Trade Allocation

The Firm has implemented compliance policies and procedures to test client accounts on a regular basis to ascertain whether any accounts are being treated unfairly. For example, Compliance regularly reviews partial trade allocations to confirm that one category of clients

is not being advantaged or disadvantaged, and the portfolio manager(s) reviews performance dispersion, which may occur over time among accounts with a similar strategy. Proprietary accounts and accounts that have a performance-based fee are treated the same as other client accounts when trade allocations are made.

IPOs and secondary offerings ("Offerings") of securities frequently are of limited size and limited availability. The Offerings may also become "hot issues," which are offerings that trade at a premium above the initial offering price.

In the event the Firm participates in an Offering, the Firm's policy and practice is to allocate shares in the Offering fairly and equitably on an overall basis among clients eligible for participation according to a specific and consistent basis so as not to advantage any Firm, personal or related account and so as not to favor or disfavor any client, or group of clients, over any other.

The Firm participates in IPOs or secondary offerings for discretionary accounts.

Global Strategy Trade Allocation

Provided each client's investment guidelines are adhered to, affiliated advisers will aggregate similar purchase or sale orders with other client orders so long as such aggregation cannot be reasonably foreseen to result in harm to any client. Aggregation may result in obtaining advantageous selling or purchase prices, brokerage commissions and other expenses and beneficial timing of transactions. Generally, affiliated advisers allocate orders on a pro rata basis.

For client accounts which the Firm has delegated investment and brokerage discretion to the affiliated advisers, the Firm will periodically review the affiliated advisers' trading policies and procedures and trade activities with respect to those client accounts.

Principal and Cross Transactions

The Firm and individuals associated with the Firm are prohibited from engaging in principal transactions with clients.

The Firm may, at times, effect an agency cross transaction for an advisory client, provided that the transaction is consistent with the Firm's fiduciary duty to the client and that all requirements outlined in Rule 206(3)-2 of the Investment Advisers Act of 1940 are met.

Although the Firm does not engage in cross transactions as a normal course of business, it is possible that a broker dealer through whom the Firm places transactions may cross the orders.

Trade Errors

In the event any error occurs in the handling of any client transactions, due to Heitman's actions, or inaction, or actions of others, Heitman's policy is to seek to identify and correct such errors as promptly as possible.

Item 13 Review of Accounts

Portfolio Management Services

Reviews. Both before and after the Firm begins to manage an account, it will utilize strategies for the long-term growth of capital and the generation of income pursuant to the investment objectives as noted in the IMA. Guidelines are established by the Firm based on liquidity, risk and investment potential with respect to price levels and the number of shares purchased or sold. For portfolio management purposes, and to determine transaction strategy based on current market conditions, each discretionary client's account is reviewed regularly.

In addition to personnel within the Support Group, responsibility for communication with the client rests with the Firm's employees and officers assigned to such accounts. The financial statements of the HERO and Heitman Global Prime Sub-Funds, which the Firm advises, will be audited annually by independent certified public accountants selected by the Heitman UCITS Board. These audited financial statements will be sent to HERO and Heitman Global Prime Sub-Fund clients annually.

Reports. In addition to the statements and confirmations of transactions that clients receive from their custodians, the Firm will provide monthly and/or quarterly reports summarizing account performance, balances and holdings pursuant to the obligations set forth in each client's IMA. The Firm will provide reports on a more frequent basis to discretionary separate account clients upon request.

Item 14 Client Referrals and Other Compensation

The Firm engages solicitors from time to time to assist in obtaining assignments with clients. In return for these services, the Firm (and not the client) compensates the solicitor out of its investment management fee. The Firm discloses such referral arrangements to its clients as required by applicable law.

Whenever the Firm pays a referral fee to a soliciting party, it requires the solicitor to provide the prospective client with a copy of this Brochure and a separate disclosure statement that includes the following information:

- the solicitor's name and relationship with the Firm;
- the fact that the Firm pays the solicitor a referral fee;
- the amount of the fee; and
- whether the Firm will charge the client an increase above its normal fees to compensate the solicitor.

As a matter of Firm practice, the advisory fees paid by solicitor-referred clients are not increased as a result of the referral.

As described in Item 10, the Firm may use Heitman Affiliates as placement agents for security offerings of Heitman Funds. Additionally, the Firm's parent has engaged an external placement agent to solicit new business on behalf of the Firm and its affiliates in Australia and

New Zealand. This placement agent markets the Firm's and its affiliates' investment management capabilities to institutional clients in these locations. There is no economic impact to those clients that are obtained with the assistance of this placement agent as any fees due are paid by the Firm or Heitman Affiliate out of advisory fees received.

Further, it is the Firm's policy not to accept or allow its "related persons" to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services it provides to its clients.

Item 15 Custody

In addition to the periodic statements that clients receive directly from their custodians, the Firm also sends account statements directly to its clients on a monthly and/or quarterly basis. The Firm urges its clients to compare the information provided on these statements carefully to ensure that all account transactions, holdings and values are correct and current.

The Firm does not have actual or constructive custody of securities or cash.

Item 16 Investment Discretion

Clients generally engage the Firm to provide discretionary asset management services, in which case the Firm places trades in a client's account without contacting the client for their permission prior to each trade.

The Firm's discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell; and/or
- determine the broker and price and commission related to the security bought or sold

Clients will generally give the Firm discretionary authority when they sign the IMA with the Firm, and may limit this authority by giving it additional written instructions. Clients may also change/amend such limitations by providing the Firm with written instructions. The Firm will not begin the management of client funds without a written IMA.

Item 17 Voting Client Securities

Clients may obtain a copy of the Firm's complete proxy voting policies and procedures by contacting the individual designated on the first page of this Brochure. In addition, clients may request, in writing, information on how proxies for its shares were voted. If any client makes such a request, the Firm will promptly provide such information.

The Firm will vote proxies unless the IMA specifically requests that the proxies be forwarded to the client for processing. To direct the Firm to vote a proxy in a particular manner, clients should contact the individual designated on the first page of this Brochure.

The Firm utilizes the services of an independent unaffiliated proxy voting recommendation firm. The proxy firm is responsible for: notifying the Firm in advance of the shareholder meeting; providing the appropriate proxies to be voted; providing independent research on corporate governance, proxy and corporate responsibility issues; recommending actions with respect to proxies; and maintaining records of proxy statement received and votes cast. Pursuant to the Firm's Proxy Voting policy, the voting recommendations from the proxy voting firm are deemed to be in the best interest of the shareholders. The Firm's policy is to follow the proxy firm's recommendations unless compelling reasons not to do so are identified and approved by the Firm's Proxy Voting Committee.

Clients can instruct the Firm to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. Clients can also instruct the Firm on how to cast their vote in a particular proxy contest by contacting William Pogorelec at +1-312-425-0671.

Item 18 Financial Information

The Firm does not require or solicit payment of fees in advance of services rendered. Therefore, the Firm is not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, the Firm is also required to disclose any financial condition that is reasonably likely to impair its ability to meet its contractual obligations. Other items of this Brochure have disclosed all of the conditions that are likely to affect the Firm's contractual obligations with respect to its clients. The Firm has no such additional financial circumstances to report.

The Firm has not been the subject of a bankruptcy petition at any time.