

Item 1- Cover Page

FIRM BROCHURE
(PART 2A OF FORM ADV)



Albany Road Real Estate Partners, LLC
155 Federal Street, Suite 1202
Boston, Massachusetts 02110
Telephone number: 617-279-2360
www.albanyroadrep.com

Contact: **Gail Hardy**
Investor Relations & Chief Compliance Officer
Telephone: 617-279-2365
Hardy@albanyroadrep.com

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This Brochure provides information about the qualifications and business practices of Albany Road Real Estate Partners, LLC (“Albany Road”).

If you have any questions about the contents of this Brochure, please contact Gail Hardy at 617-279-2360 or by email at hardy@albanyroadrep.com.

The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority, and references in this Brochure to Albany Road as a “registered investment adviser” are not intended to imply a certain level of skill or training.

ITEM 2 – MATERIAL CHANGES

This is an annual amendment of Albany Road's brochure that was last updated on March 30, 2018. This update includes the following material changes:

- Item 4.E: The amount of client assets managed has been updated as of December 31, 2018.

ITEM 3 – TABLE OF CONTENTS

ITEM 1 – COVER PAGE.....	1
ITEM 2 – MATERIAL CHANGES	2
ITEM 3 – TABLE OF CONTENTS	3
ITEM 4 – ADVISORY BUSINESS	4
ITEM 5 – FEES AND COMPENSATION	6
ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	8
ITEM 7 – TYPES OF CLIENTS	9
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	19
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	20
ITEM 12 – BROKERAGE PRACTICES.....	22
ITEM 13 – REVIEW OF ACCOUNTS.....	23
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	24
ITEM 15 – CUSTODY	25
ITEM 16 – INVESTMENT DISCRETION	26
ITEM 17 – VOTING CLIENT SECURITIES.....	27
ITEM 18 – FINANCIAL INFORMATION	28

ITEM 4 – ADVISORY BUSINESS

Albany Road Real Estate Partners, LLC, a Delaware Limited Liability Company formed in July 2012, is a private equity real estate investment firm. Albany Road Investment Advisers, LLC (“Albany Road” or the “Adviser”) is a wholly owned subsidiary of Albany Road Real Estate Partners, LLC.

The principal owners of Albany Road are Christopher Knisley, Steve Strandberg, Mark McInerney, and Clark Callander, who compose Albany Road’s Board of Managers.

Albany Road provides investment advisory services to Albany Road Real Estate Fund II, LLC, a private pooled investment vehicle (the “Fund”). The objective of the Fund is to pursue investment opportunities in commercial real estate in the \$20,000,000 to \$50,000,000 range. The Fund will pursue a variety of product types, including assets across the office spectrum (urban, suburban, and medical), and the industrial spectrum (warehouse, distribution, flex, R&D, and self-storage).

Albany Road also provides discretionary investment advisory services to 22 real estate holding entities that may be considered as separately-managed accounts (the “Accounts”). Together, the Fund and Accounts make up Albany Road’s advisory clients (“Advisory Clients”). The Accounts generally seek members after an investment opportunity in commercial real estate has already been identified.

The Fund is exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and offers securities that are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

Albany Road Ref II Manager, LLC, a Delaware limited liability company and an affiliate of Albany Road serves as the manager of the Fund (“Manager”). The Manager is a related person of Albany Road and is under common control with Albany Road. The Manager is subject to the Investment Advisers Act of 1940, as amended (the “Advisers Act”) pursuant to the Adviser’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the Manager, which operates as a single advisory business together with the Adviser.

The respective manager of each Fund and Account has complete discretion and exclusive responsibility and authority for all investment making decisions of such Fund or Account. The investment objectives of the Fund and each Account are set forth in its private placement memorandum, offering summary, LLC operating agreement, subscription agreement, and/or related agreements (“Governing Documents”) that specify the specific investment guidelines and investment restrictions applicable to the Fund and the applicable Account.

Albany Road tailors its investment advice to the Fund in accordance with the Fund’s investment objectives and strategy as set forth in the Fund’s Governing Documents. Albany Road typically does not tailor its advisory services to the individual needs of private fund investors (“Investors”) and, except as noted below, does not accept any sort of investment restrictions from Investors as it relates to the Fund.

Generally, the Investors in each Fund are not able to negotiate the terms of each Fund’s Governing Documents in connection with their investments in such Fund. In certain cases, the Manager may in the future enter into side letter agreements with certain Investors in a Fund establishing rights under, or supplementing or altering the terms of, each Fund’s Governing Documents. Such rights and privileges may not be available to other Investors (including without limitation, transparency rights, reporting rights, capacity rights, approval rights and certain other protections and the right to receive certain special allocations).

Albany Road does not participate in wrap fee programs.

As of December 31, 2018, Albany Road managed \$484,718,000 of Advisory Client assets on a discretionary basis. Albany Road does not currently manage any Advisory Client assets on a non-discretionary basis.

ITEM 5 – FEES AND COMPENSATION

Fund Fees

Albany Road is compensated through the payment of management fees (the “Management Fee”), acquisition fees upon the closing of investments made by the Fund (the “Acquisition Fee”), and performance-based performance allocations (“Carried Interest”) by the Fund. The following is a description of the fees charged to the Fund. The Fund’s Governing Documents describe the fees in further detail.

Management Fee

Albany Road (or its affiliates) receives an annual Management Fee. Generally, during the term of the Fund (including extension periods) or, as applicable, during the period prescribed in each Fund’s Governing Documents during which the Fund is permitted to make investments (the “Investment Period”), the Fund pays Albany Road a Management Fee, payable quarterly in advance, of 1.5% initially. Management Fees are reduced after the applicable Investment Period as further described in the Fund’s Governing Documents. The Fund will also pay Albany Road (or its affiliates) an Acquisition Fee for each portfolio investment made by the Fund, where that fee will range between 1.00% and 2.00% based on the investment size.

The Management Fee and Acquisition Fees paid to Albany Road are not negotiable after they have been documented in the Fund’s Governing Documents. However, pursuant to the Fund’s Governing Documents, the Management Fee and Acquisition Fees and/or Carried Interest (and related distributions) may be (and have been) waived and/or reduced at the discretion of the Manager.

Carried Interest

Generally, all net distributable proceeds from a sale, refinancing or other liquidity event of a Fund investment, and at liquidation, shall be paid or distributed, as the case may be, in the following order of priority:

- **Return of Capital Contributions.** First, to each Investor (including the Manager) an amount equal to their aggregate capital contributions;
- **Preferred Return.** Next, to each Investor (including the Manager) an amount until such Investor has achieved a 10% annually compounded preferred return with respect to the Investor’s aggregate capital contributions; and
- **Profit Split and Carried Interest.** Then 80% to all Investors (including the Manager) and 20% to the Manager (in its capacity as Manager); however, upon all the Investors (including the Manager) receiving an amount equal to a 20% annually compounded return with respect to such Investors’ aggregate capital contributions (that is, a 20% return hurdle), then 65% to all the Investors (including the Manager) and 35% to the Manager.

Account Fees

Fee arrangements with the Accounts are individually negotiated and are generally a one-time acquisition fee and an investment management fee (the “IM Fee”). The IM Fee is billed quarterly and equals a percentage of the total amount of unreturned capital contributions of certain share classes.

Other Fees

Albany Road and its affiliates may receive compensation for services rendered in connection with the organization, acquisition, development, operation, management and disposition of Properties in which the Fund will invest, including acquisition fees, investment management fees and other customary amounts payable to or earned by promoters and affiliates of promoters of real estate investments, together with and in addition to carried interests or promoter distributions of cash flow and capital proceeds. Although the Fund may benefit from an offset in Management Fees related to these payments, the Fund may not share or

otherwise benefit from any of these fees, interests or distributions payable to Albany Road or its affiliates with respect to any Property. The existence of such fees and the Carried Interest may create an incentive for the Manager to make riskier or more speculative investments on behalf of the Fund than would otherwise be the case.

It is important that all prospective clients of the Adviser review these materials, and that all Investors and Accounts refer to the applicable Governing Documents for a complete understanding of how the Adviser and the Manager are compensated for services related to the Fund. This is particularly true with respect to performance-based compensation. The information contained herein is a summary only and is qualified in its entirety by such documents.

Expenses

Albany Road will pay for all of its own normal day-to-day operating expenses, such as compensation of its professional staff, and the cost of office space, office equipment, communications, utilities and other such normal overhead expenses.

Subject to the Fund's Governing Documents, the Fund shall be responsible for all expenses related to the Fund and its activities, including, without limitation, making, managing and exiting Fund investments, and similar costs. These costs may include legal, accounting, consulting, printing, distribution, travel, meals, due diligence costs, administrative, organizational dues (subject to limitations as fully described in the Governing Documents) and other expenses associated with raising capital, organizing, forming, and marketing the Fund.

The Fund will pay directly or reimburse Albany Road or its affiliates for all expenses relating to the acquisition, ownership and operation of the Fund or its investment properties including, without limitation, legal, auditing, accounting, loan servicing expenses, and tax preparation services (whether paid to a third party or provided by an affiliate based on market rates), costs related to the investigation, purchase or sale (whether or not consummated) and holding of investments, travel, meals, financial research, market analysis, risk management, interest on borrowed funds, taxes, the cost of property and liability insurance, directors' and officers' liability insurance and indemnification expenses, and extraordinary expenses such as litigation and expenses associated with the meetings of the Manager. Any third party expenses incurred in connection with transactions not consummated (i.e., "broken deal" expenses) shall be borne by the Manager. Expenses incurred by the investment properties, including property management fees to third parties, will be borne by those respective investment properties.

In the instance Albany Road were to sponsor another Fund, if any Fund expenses are associated with two or more Funds, such expenses will typically be allocated by the applicable managers according to the relative aggregate capital commitments of the applicable funds, usage of the applicable funds, or other such criteria subject to the discretion of those managers.

Investors may not terminate advisory contracts prior to the end of a billing period because they may not withdraw from their respective Fund prior to dissolution, and may not transfer any of their interest rights or obligations under the Fund without the prior written consent of Albany Road or the Manager, as applicable. As such, there is no need for a refund mechanism.

Albany Road, or the Manager, deducts fees applicable to the Fund (and Investors) directly from the Fund's assets.

The Accounts are required to reimburse Albany Road for reasonable and customary expenses as detailed in each Account's separate LLC agreement.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Manager may receive a performance allocation (“Carried Interest”) from the Funds and Accounts. As detailed in Item 5 above, Carried Interest refers to the twenty percent (20%) and thirty-five percent (35%) distributions to which a manager is entitled, depending on the net distributions to Investors.

As noted in Item 5 above, Albany Road receives performance-based compensation from certain Advisory Clients. Because not all Advisory Clients may be subject to performance-based fees, conflicts may exist among Advisory Clients with different fee arrangements whose assets are managed alongside each other.

The fact that affiliates of Albany Road receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for Albany Road to make investments on behalf of the Fund [and the Accounts] that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. Investors are provided with clear disclosure as to how performance-based compensation is charged with respect to the Fund and a particular Account and the risks associated with such performance-based compensation prior to making an investment.

Albany Road recognizes that it is a fiduciary and that it must treat all Advisory Clients fairly. Additionally, Albany Road believes this incentive is mitigated because the Manager (and their principals) also invest as principals in the Advisory Clients so that their interests are aligned with the interests of the Advisory Clients.

Please refer to the Fund’s Governing Documents for complete information on the fee arrangements relating to the Fund.

ITEM 7 – TYPES OF CLIENTS

Albany Road provides investment advisory services to the Fund, as described in Item 4, above. Fund interests are offered only to Investors meeting certain suitability requirements, as described below. Generally, Albany Road requires that each investor in the Fund be (i) an “accredited investor” as defined in Regulation D under the Securities Act of 1933, and/or a “qualified purchaser” or “knowledgeable employee”, within the meaning of the Investment Company Act of 1940, as amended, and (ii) a “qualified client”, within the meaning of the Investment Advisers Act of 1940, as amended. Minimum investment commitment for the Fund is \$500,000. The Manager of the Fund, in its sole discretion, may permit investments that are less than the required minimum investment commitment set forth in the private placement memoranda of the Fund.

With respect to any separately-managed accounts, each prospective investor will need to satisfy customary standards for financial sophistication and credit-worthiness, and Albany Road will determine minimum investment amounts on a case-by-case basis. In general, such Accounts will involve significant minimum investments.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The following summarizes the methods of analysis and investment strategies used by Albany Road in formulating investment advice.

There can be no assurance that Albany Road and the Advisory Clients will achieve their investment objectives or that the investment strategies employed by Albany Road will be successful. Investing in securities involves a risk of loss the Investors and Accounts should be prepared to bear.

Albany Road focuses on investing in commercial real estate. The Advisory Clients will pursue a variety of product types, including assets across the office spectrum (urban, suburban, and medical), and the industrial spectrum (warehouse, distribution, flex, R&D, and self-storage).

For a more detailed disclosure of the potential risk factors associated with investing in the Advisory Clients, prospective Investors or Accounts should refer to each Advisory Client's relevant Governing Documents. They should carefully consider the risk factors, together with all of the other information included in the Governing Documents before deciding to purchase the interests.

GENERAL RISKS RELATED TO INVESTMENTS IN REAL ESTATE.

Economic Conditions. Real property investments are subject to varying degrees of risk. Real estate investment values are affected by a number of factors, including changes in the general national or international economic climate, local conditions (such as oversupply of space or reduction in the demand for space), the quality of management, competition based on rental rates, attractiveness and location of the properties, population trends, neighborhood values, community conditions, local employment conditions, financial condition of tenants, quality of maintenance, insurance and risk management services, risks due to dependence on cash flow, changes in operating costs, natural disasters, uninsured losses and other factors which are beyond the control of, or not foreseen by, the applicable manager. Real estate investment values are also affected by such factors as governmental regulations, interest rate levels, the availability of financing, and potential liability under changing laws. Certain expenses related to real estate investments and its ownership tend to increase over time and are largely beyond the control of the owner, including property taxes, utility and energy costs, maintenance costs and insurance. There can be no assurance of profitable operations because the cost of owning and operating the properties may exceed the income produced.

Failure to Generate Sufficient Cash Flows From Operations May Reduce Distributions. The Advisory Clients intend to rely solely on cash flow from operations to make distributions until the properties held by the Advisory Clients are ultimately sold (or, potentially, refinanced). Cash flow from the Advisory Clients depends on the amount of revenue generated and expenses incurred in operating the properties. The revenue generated and expenses incurred in operating the properties depends on many factors, some of which are beyond the Advisory Client's or a manager's control. For instance, rents from the properties may not increase as expected. If the properties do not generate revenue sufficient to meet operating expenses, debt service and capital expenditures, the Advisory Client's cash flows and ability to make distributions will be adversely affected.

Volatility in Sales Market. The price that the Advisory Client will be able obtain when a manager determines to sell or otherwise dispose of any of the properties will depend on many factors that are presently unknown, including the operating history, tax treatment of real estate investments, demographic trends in the area and available financing.

The Due Diligence of the Properties Is Limited in Scope, Including With Respect to Environmental Issues. A manager will undertake a due diligence review process regarding the properties in accordance with the

Advisory Client's standard practices and procedures. Due diligence reviews are not exhaustive by their nature, and rely heavily on investigations by third parties and reviews of records of other parties including governmental agencies. There can be no assurances that such investigations will be properly conducted or that such investigations and records will reveal all liabilities and risks that could have a material adverse effect on the properties. Among other things, this due diligence review could fail to uncover environmental issues relating to the properties or could not properly assess the risks associated with existing conditions. Liability for such matters could be imposed on the Advisory Client's subsidiaries in certain circumstances, even if they were not responsible for, and had no knowledge of, such environmental conditions.

Limited Representations and Warranties. The Advisory Clients may acquire properties with only limited or in some cases, no representations and warranties from the sellers regarding the condition of the properties, the presence of building defects, natural hazards, nuisances or hazardous substances, or other matters affecting the use or ownership of the properties. As a result, if defects in a property or other matters adversely affecting the property are discovered, the Advisory Clients may not be able to pursue a claim for damages against the original sellers of the property. The extent of damages that the Advisory Clients may incur as a result of such matters cannot be predicted, but potentially could result in a significant adverse effect on the value of the Advisory Clients' assets.

Effect of Market Conditions on Holding Periods. The determination of when a particular property should be sold will be made by a manager in its sole discretion and consideration of relevant factors, including existing economic conditions, real estate and capital market conditions. While a manager expects that the Advisory Clients will sell its properties for cash, market conditions may require the Advisory Clients to carry back financing or other indebtedness in lieu of immediate total cash payment on the sale price of a property. Depending on market conditions at the time when a property is liquidated, the terms of repayment of any such debt could be disadvantageous to the Advisory Clients.

Delays. Any delays encountered by the Advisory Clients in the selection, acquisition, renovation and enhancement of properties could adversely affect Investor returns. The Advisory Clients may not be able to obtain permits, complete the work or obtain third party or governmental approvals necessary to realize desired returns on portfolio investments.

The Advisory Clients May Suffer Losses That Are Not Covered by Insurance. If the Advisory Clients suffer losses that are not covered by insurance or that are in excess of insurance coverage, the Advisory Clients could lose invested capital and anticipated profits. In addition, if the insurance market changes, or the Advisory Clients makes claims on its insurance, among other factors affecting insurance rates, the Advisory Clients may not be able to renew or place new insurance on acceptable terms, if at all. Failure to carry appropriate insurance could significantly increase the Advisory Clients' liability in the event of torts or other actionable events occurring on the properties that affect tenants or third parties thereon, or in the event of damage to the properties.

Unavailability of Funds for Necessary Capital Improvements. In order to attract tenants, the Advisory Clients may be required to expend funds for capital improvements. In addition, the Advisory Clients may require substantial funds to renovate the properties in order to sell them, upgrade them or reposition them in the market. If there are insufficient capital reserves, financing from other sources will have to be obtained. There can be no assurances that sufficient financing will be available or, if available, will be available on economically feasible terms or on acceptable terms. Moreover, certain reserves required by lenders may be designated for specific uses and may not be available for capital purposes such as future capital improvements. Additional borrowing will increase interest expense, therefore, the Advisory Clients' financial condition and ability to make cash distributions may be adversely affected.

INVESTMENT RISKS.

Past Performance. The investment track record of Albany Road is based on investments made at different times, under different economic circumstances, and in different assets, than some of the investments to be completed by the Advisory Clients. Past performance of Albany Road should not be relied upon to predict the performance of Advisory Clients.

Determination of price for the Fund's Interests. The Fund has been recently formed and has no operating history. There is presently no market, public or private, for the Fund interests (the "Interests"). The offering price of the Interests has been arbitrarily determined by the Manager. The offering price of the Interests is no indication of their value or the value of the Fund. No assurance is or can be given that the Interests, if transferable, could be sold for the offering price or for any amount.

Lack of Prior Operating History. While the principals of Albany Road have prior experience in real estate investing through the Accounts, the Fund and the Manager are both newly formed entities with no prior operating history and may be unable to successfully operate the Fund's businesses or achieve its investment objectives. Similarly, the past performance of the Accounts may not be indicative of the performance the Fund may achieve. At various points through the Fund's investment period, the Fund may have no income, cash flow, funds from operations or funds from which it can make distributions. The Fund may not be able to conduct its business as planned and/or successfully carry out its business as planned.

Inability to Predict Availability of Cash for Distribution. The respective manager of the Fund and the Accounts will determine the amount and timing of any distributions, which are dependent on the respective Fund or Account receiving distributions from its subsidiaries or other holdings. In making this determination, the applicable manager will consider relevant factors, including the amount of cash available for distribution, capital expenditure and reserve requirements, re-investment opportunities and general operational requirements. There can be no assurances as to how long it may take to generate sufficient available cash flow to fund distributions, or that sufficient cash will be available to make distributions. The Fund or Account may borrow funds, return capital or sell assets to make distributions. With no prior operations, the respective managers of the Fund and Accounts cannot predict the amount of distributions an Investor may receive and which the Fund and the Accounts may be unable to pay, maintain or increase distributions over time.

Dependence on Meeting Capital Calls. Failure of an Investor or member of an Account to meet a capital call within the required time period will constitute a default and will subject that Investor or member to the penalties called for under the Governing Documents. In addition, the Advisory Clients' ability to efficiently execute on the acquisition of properties depends on multiple factors, including the timeliness of each of the Investors or members of the Accounts in meeting capital calls. If sufficient number of Investors or members of an Account fail to meet a capital call, the Advisory Clients may have to default under a purchase contract for a property, which may cause the loss of any earnest money deposited in connection therewith and to suffer other business losses.

Limitations on Obligations to Provide Capital. If all capital subscribed for has been called and received by the Fund, the Fund will not be able to require the members of the Fund to invest additional capital. If all capital subscribed for has been called and received by the Accounts, certain Accounts will be able to require the Investors or members of the Accounts to invest additional capital if any of the properties do not perform as expected, suffer uninsured casualties or otherwise experience adverse results and have capital needs. If the Investors or members of the Accounts are unwilling to make additional capital contributions in such circumstances, the affected property(ies) could be lost as a result of a mortgage foreclosure, which likely would result in the loss of part or all of the Accounts' investment in such property and adverse tax and other consequences may result.

Illiquidity. It is expected that the entire portfolio of the Advisory Clients will consist of properties that are illiquid or for which a secondary market is not readily available. Liquidity refers to the ability of an asset to readily be converted into cash. Unlike publicly traded stocks and other liquid investments, it takes

considerable time and effort to market and sell real estate investments. This illiquidity increases the risk that an investment of the Advisory Clients will not be converted into cash within an acceptable period of time.

RISKS RELATED TO THE STRUCTURE AND MANAGEMENT OF THE FUNDS AND THE ACCOUNTS.

Control by the Respective Managers. Although all Investors and members of the Accounts will have certain rights afforded by Delaware law, such rights are very limited and each Investor and Account member should be aware that, for all intents and purposes, control of the Advisory Clients will be vested solely in the respective manager of the Fund and Account. Except as otherwise required by Delaware law, the Investors and members of the Accounts will have no right to participate in the management or conduct of the affairs of the Advisory Clients.

Limited Liability of the Respective Managers. Pursuant to the Governing Documents, the respective Managers of the Fund and the Accounts, and their principals and other affiliates, will not be liable to the Advisory Clients or any Investors for any losses, judgments, liabilities, expenses (including attorneys' fees) and amounts paid in settlement of claims unless such party's course of conduct was taken in bad faith or constituted gross negligence or willful misconduct. Thus, Investors or members of the Accounts will have limited recourse against those parties. The Governing Documents also provides that the Advisory Clients will indemnify and hold harmless the respective managers, and their principals and other affiliates, from and against any and all losses, judgments, liabilities, expenses (including attorneys' fees) and amounts paid in settlement of claims sustained by such party with respect to any matter for which such party is not liable to the Advisory Clients (based on the preceding sentence), or any authorized actions taken by such party on behalf of the Advisory Clients.

Dependence on the Respective Managers. The Advisory Clients are dependent on the respective managers to manage the operations of the Fund and the Accounts. These managers will make all decisions with respect to the management of the Advisory Clients. These managers will depend on the fees and other compensation received from the Advisory Clients to conduct operations. Any adverse changes in the financial condition of, or our relationship with, the respective managers or their affiliates could hinder their ability to successfully manage our operations.

Reliance on Key Personnel. The Advisory Clients will be managed exclusively by the respective manager of the Fund and the Accounts, and that manager will be relying extensively on the experience, relationships and expertise of Albany Road's principals and team of professionals. Some of those persons will be Investors in the Advisory Clients through their interests in that manager, and it may not be possible to replace certain key individuals should one or more of them cease to be involved with Albany Road for any reason. The loss of the services of key personnel of Albany Road, particularly those of Christopher J. Knisley, who is under contract with several of the managers, could have a material adverse effect on the operations of the Advisory Clients because the Advisory Clients would have a diminished capacity to obtain real estate investment opportunities, and its asset management function may suffer as well.

The Advisory Clients intend to contract with outside property managers or other providers, for property management services at all properties. The performance of the Advisory Clients will depend to some extent on non-affiliated property managers, or another provider, properly managing the properties. If any disruption should occur in the property managers, or another provider's, provision of property management services, adverse consequences may result to the affected properties and the Advisory Clients.

The future success of the Advisory Clients depends upon the respective managers' and the property managers' ability to hire and retain or contract with highly skilled managerial and operational personnel. Competition for such personnel is intense, and there can be no assurances that these managers or the property managers will be successful in attracting and retaining such skilled personnel. If these managers or the property managers lose or are unable to obtain the services of key personnel, the ability to implement

the investment strategies of the Advisory Clients could be delayed or hindered, and the value of Advisory Clients' investments may decline.

Risks of Unspecified Investments. Prospective Investors do not have information as to the identification or location of any specific properties, investment opportunities or investment terms, or the financing terms or other economic and financial data with respect to the properties to be acquired by the Fund, to assist them in evaluating an investment in the Fund. Investors must depend on the ability of the Manager with respect to the identification and selection of the Fund's properties. Also, because the Fund's acquisition of properties may occur over the investment period, the Fund faces the risks of changes in long-term interest rates and adverse changes in the real estate market. There can be no assurance that any properties acquired by the Fund will ultimately meet the Fund's investment objectives, or that desirable properties can be made on financially attractive terms. Some of these risks also apply to investments made by the managers of the Accounts. Accordingly, there can be no assurance as to when the proceeds of the offering may be fully invested in suitable properties.

Lack of Diversification. The Advisory Clients will primarily invest solely in real estate. To the extent that industry suffers a systematic decline or adverse consequences for any reason, the Advisory Clients will likely face diminished results.

Lack of Transferability and Associated Risks. The transferability of the interests by Investors or members of the Accounts is severely restricted by relevant securities laws and by the terms of the Governing Documents. Since the interests are not being registered, they cannot be resold readily by an Investor or member of the Accounts. The Fund and Accounts are not obligated to register, and will not register, the interests to permit resales. The fact of non-registration makes the interests extremely illiquid and would impair the ability of an Investor or his/her estate to dispose of his/her interests in the event of a change in personal circumstances. Additionally, the Governing Documents impose certain additional restrictions on transferability of the interests, as more particularly set forth therein, including the necessity to obtain the consent of the applicable manager for any transfer. Accordingly, the purchase of the interests must be considered a long-term illiquid investment acceptable only for Investors who are willing and can afford to accept and bear the substantial risks of the investment for an indefinite period of time.

Potential Losses on Dissolution and Termination of the Fund. In the event of a dissolution or termination of an Advisory Client, the proceeds realized from the liquidation of the assets of the Advisory Client will be distributed among the Investors or members of the Accounts, but only after the satisfaction of the claims of third-party creditors, including claims by any lenders and certain fees owed to the respective manager or its affiliates. The ability of an Investor to recover all or any portion of such Investor's investment under such circumstances will, accordingly, depend upon the amount of net proceeds realized from such liquidation and the amount of claims to be satisfied. Albany Road cannot assure that the Advisory Clients will recognize gains on such liquidation.

Exculpation and Indemnification. The Governing Documents set forth the circumstances under which the respective managers, their affiliates and their directors, officers, partners, members, employees or agents are excused from liability to the Advisory Clients for damages or losses that the Advisory Clients may incur by virtue of any such person's performance or services for an Advisory Client. As a result, Advisory Clients and the Investors or members of the Accounts may have limited rights against these persons. In the event that a claim is made against a Manager, its affiliates or directors, officers, partners, members, employees or agents, such persons may be entitled to be indemnified by the Advisory Clients, in which case the assets of an Advisory Client could be used to indemnify such persons for amounts incurred in connection with such claim. In certain cases, previous distributions to Investors or members of the Accounts may be recalled to cover such indemnification obligations of the Advisory Client.

Liability for Return of Distributions. If an Advisory Client is otherwise unable to meet its obligations, the Investors or members of the Accounts may under applicable law be obligated to return, with interest, cash

distributions previously received by them to the extent such distributions are deemed to constitute a return of their capital contributions or are deemed to have been wrongfully paid to them. In addition, an Investor or member of an Account may be liable under applicable federal and state bankruptcy laws to return a distribution made during an Advisory Client's insolvency or within a certain time period prior thereto.

RISK RELATED TO DEBT FINANCING.

Use of Leverage Generally. The acquisition of the properties may be financed in substantial part by borrowing, which increases the exposure to loss. The use of leverage will increase the amount of funds available to the Fund or the Accounts for investment, but will also increase the risk of loss. The use of leverage involves a high degree of financial risk and may increase the exposure of such an investment to factors such as rising interest rates or downturns in the economy. Market fluctuations may significantly decrease the availability of and increase the cost of leverage.

Lenders' Seniority. Principal and interest payments on indebtedness (including mortgages having "balloon" payments) will have to be made regardless of the sufficiency of cash flow from the properties. In the event any property suffers an impairment to its value, the holders of the indebtedness must be repaid in full (including any costs of collection and other losses suffered by the lenders, and potentially default interest at a higher interest rate) before an Advisory Client will receive any return from such property. Depending on the level of leverage and decline in value, if mortgage payments are not made when due, one or more of the properties may be lost (and an Advisory Client's investment therein rendered valueless) as a result of foreclosure by the mortgagee(s). A foreclosure may also have substantial adverse tax consequences.

Balloon Financing. Mortgages requiring balloon payments may involve greater risks than mortgages where the principal amount is fully amortized over the term of the loan since the ability to repay the outstanding principal amount of a balloon loan may be dependent on the ability to obtain adequate replacement financing. There is no assurance that such replacement financing will be available on favorable terms.

Portfolio Financings, and Potential Cross-Collateralization with Other Assets. Since the Fund and the Accounts may engage in portfolio level financing (i.e., loan arrangements secured by mortgages on more than one property), several properties may be cross-collateralized and subject to increased risks of loss. If the Fund or an Account agrees to recourse debt guaranteed by the Fund or the applicable Account, or to debt secured by the entire portfolio of the Fund or the applicable Account, then all of the assets of the Fund or the applicable Account will be subject to additional risk of loss. In addition, if the Fund and other Albany Road affiliates were to agree to indebtedness secured by some or all of their assets as a portfolio, then that borrower would be exposed to risk of loss tied to the failure or lack of sufficient performance by real estate investments in which it has no economic interest.

Hedging Risks. In connection with the financing of certain properties, the Fund and the Accounts may employ hedging techniques designed to protect the Fund and the Accounts against adverse movement in interest rates. While such transactions may reduce certain risks, such transactions themselves entail certain other risks. Thus, while the Fund and the applicable Account may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, currency exchange rates or other factors may result in poorer overall performance for the Fund or the applicable Account than if it had not entered into such hedging transactions.

RISKS RELATED TO CONFLICTS OF INTEREST.

The Fund will be the primary investment vehicle during the Fund's investment period as to office and industrial properties for Albany Road, the Manager and their principals. However, conflicts may arise in instances where the interests of the Manager and its affiliates may conflict with the interests of the Fund and the Investors. The Accounts will not invest in similar properties during the Fund's investment period.

Albany Road and its principals have ownership interests and management responsibilities in other businesses besides the Manager, including the Accounts. In addition, Albany Road may identify non-conforming opportunities that might be attractive investment prospects for the Fund, but which do not meet the Fund parameters. In such case, the Manager would first present any such investment opportunity to the Investors for a determination of whether the Fund should invest in the non-conforming opportunity, and then follow the other steps as outlined in the Fund's Governing Documents; provided, however, that, as noted above, the Fund will be the primary investment vehicle during the Fund's investment period as to office and industrial properties for Albany Road, the Manager and their principals. Such other business activities, including the Accounts, will continue to exist, and may increase during the life of the Fund, including real estate acquisition, financing and management of real estate investments not part of the Fund, some of which may be competitive with the Fund. Key personnel of the Manager will devote time to the management and operations of such activities, which may create conflicts in the allocation of management resources. During times of intense activity in other programs and ventures, key personnel may devote less time and fewer resources to the Fund's business than are necessary or appropriate. Although the Manager has fiduciary and other duties to the Fund, Albany Road itself owes no direct duty to the Investors or the Fund.

The Manager, Albany Road and its affiliates may have differing interests or economic goals than the Investors. Albany Road and its affiliates may receive compensation for services rendered in connection with the organization, acquisition, development, operation, management and disposition of properties in which Advisory Clients will invest, including acquisition fees, investment management fees and other customary amounts payable to or earned by promoters and affiliates of promoters of real estate investments, together with and in addition to carried interests or promoter distributions of cash flow and capital proceeds. Advisory Clients will not share in any of these fees, interests or distributions payable to Albany Road or its affiliates with respect to any property. The existence of such fees and the Carried Interest may create an incentive for the Manager to make riskier or more speculative investments on behalf of the Fund than would otherwise be the case.

In addition, prospective Investors or Account members should recognize that neither the Manager nor Albany Road or their affiliates will have any obligation to make available to the Advisory Clients any particular investment in any particular real estate investment, and that neither Albany Road nor its affiliates will have any obligation to refrain from soliciting equity capital from sources other than the Fund after the investment period. The Governing Documents provide that the Investors or Accounts specifically waive any and all causes of action against the Manager, Albany Road, and their respective affiliates, owners, officers, directors and employees regarding these matters and the potential conflicts arising there from.

Albany Road and its affiliates may directly or indirectly acquire, own, operate, manage and dispose of properties in the vicinity of properties owned by affiliates of Advisory Clients. It is possible that the value of the former properties may be enhanced by their proximity to the properties owned by Advisory Clients, or that such properties may be in competition for prospective tenants or prospective purchasers with properties owned by Advisory Clients. However, during the Fund investment period, Albany Road will not be permitted to acquire any properties or portfolio that meet the Fund's parameters unless the Fund first declines to make such an acquisition.

The properties acquired by the Fund may be sold as part of a large portfolio, including with other properties acquired by the Accounts. In such event, it is anticipated that the Fund's Advisory Board will determine the proper allocation between Fund and non-Fund properties and addressing any perceived conflicts of interest.

The Manager will attempt to resolve any conflicts of interest between the Fund and others (including the Accounts) with respect to these matters by exercising the good faith required of fiduciaries. The Manager believes that it will generally be able to resolve such conflicts on an equitable basis.

The Advisory Clients, the Manager and Albany Road are all represented by only a few counsel, which counsel is not representing the other Investors or members of the Accounts. Prospective Investors or Accounts should seek individual counsel if they so desire.

The above discussion only addresses certain potential conflicts of interest, and others may exist or come to exist during the Fund's period of investment.

ITEM 9 – DISCIPLINARY INFORMATION

Albany Road is required to disclose all material facts regarding any legal or disciplinary events that would be material to an investor's evaluation of Albany Road or the integrity of Albany Road's management. Albany Road has no legal or disciplinary information to disclose at this time.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Albany Road nor any of its management persons is registered, or has an application pending to register, as: (i) a broker-dealer; (ii) a registered representative of a broker-dealer; (iii) a futures commission merchant; (iv) a commodity pool operator; (v) a commodity trading advisor; or (vi) is an associated person of any of (iii), (iv) or (v).

The Board of Managers of Albany Road serve as managing members to the Fund's Manager. As described in Item 6, the Manager is entitled to receive performance based compensation from the Fund, which may in certain circumstances create a conflict of interest.

Assets based on fair value methodology are valued based on the Manager's judgment and estimation in accordance with the valuation policies and procedures of Albany Road. Valuation methods, inputs and the pricing of events (such as an impairment, a sale, a recapitalization), that produce a realized or unrealized gain or loss that may be recognized are inherently subjective. There may be situations in which Albany Road's valuation procedures could adversely affect an investor's interest.

Albany Road does not recommend or select other investment advisers for the Advisory Clients.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Albany Road's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to Albany Road's "Access Persons." Access Persons include any member, officer or director of Albany Road and employee who, in relation to the Fund: (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings; or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. In addition, certain other individuals, such as temporary employees may also be deemed to be Access Persons by the Chief Compliance Officer.

The Code sets forth a standard of business conduct that takes into account Albany Road's status as a fiduciary to the Fund and requires Access Persons to place the interests of Fund above their own interests and the interests of Albany Road. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of Albany Road's Chief Compliance Officer. All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide the Chief Compliance Officer with a list of their personal accounts and an initial holdings report listing the holdings of such personal accounts within 10 days of becoming an Access Person. In addition, Albany Road's Access Persons must provide annual holdings reports and quarterly transaction reports detailing, respectively, the holdings and quarterly transactions in their personal accounts in accordance with Advisers Act Rule 204A-1.

The Code also describes Albany Road's duty to protect material non-public information about securities/investment recommendations provided to (or made on behalf of) the Advisory Clients. Underlying these policies and procedures are two primary principles. First, confidential information must be maintained in confidence. Second, employees of Albany Road who possess non-public information, whether or not it is material, must not trade in the securities affected by such information, must not disclose such information to anyone who does not have a legitimate need to know it and must immediately disclose such information to the Chief Compliance Officer.

Investors, Accounts or prospective Investors/Accounts may obtain a copy of the Code by contacting the Chief Compliance Officer.

As explained in Item 10 above, the Manager, which is owned by the Board of Managers and is a related person to Albany Road, serves as the manager of the Fund. The Manager also commits capital to the Fund, and as a result every investment made by the Fund involves a purchase of securities whereby related persons of Albany Road acquire an indirect interest in such securities.

In certain cases, commitments to the Fund made by Albany Road's Board of Managers are not subject to the management or performance-based fees described in Item 5 above. The fact that Albany Road's Board of Managers and Access Persons have financial interests in the Fund could create a potential conflict in that it could cause Albany Road to make different investment decisions than if such parties did not have such financial ownership interests. However, Albany Road believes that these financial interests align Albany Road's and the Board of Managers' incentives with Investors.

As noted in Item 6 above, performance-based compensation (“Carried Interest”) may create an incentive for Albany Road to make investments that are riskier or more speculative than in the absence of such performance-based compensation.

Albany Road, or an affiliate, may offer the opportunity to co-invest in one or more investment properties of the Advisory Clients to private Investors. However, participation in co-investment opportunities either directly or through participation in a co-investment vehicle may not be offered to all Investors. To the extent such opportunities are offered, it will be in compliance with the applicable Governing Documents.

Albany Road seeks to address these potential conflicts through regular monitoring of the Advisory Clients’ portfolios for consistency with objectives, strategies, and target capacity. Further, the Board of Managers carefully considers the risks involved in any investments and Albany Road provides extensive disclosure to Investors and Accounts regarding the potential risks that come with an investment in the Fund. As stated above, the Code requires Access Persons to place the interests of the Advisory Clients over their own or those of Albany Road, and all Access Persons are required to acknowledge their receipt and understanding of the Code.

In addition, the Fund is authorized to have an advisory board (the “Advisory Board”). The Advisory Board is appointed by the Fund’s Manager and is comprised of certain Investors in the Fund. The Advisory Board provides such advice and counsel as is requested by the Manager in connection with potential conflicts of interest and other Fund matters.

Albany Road requires that Access Person’s transactions in certain “reportable securities” (as defined in Section 202(a)(18) of the Advisers Act) be pre-cleared with the Chief Compliance Officer. Further details are available in the Code which is available to Investors or Accounts upon request. Access Persons are prohibited from investing in portfolio investments outside of their indirect interest through the Fund or Manager.

To the extent Albany Road or its affiliates (including Access Persons) have learned material, non-public information about an issuer of securities, Albany Road will maintain a “Restricted List” with the names of those issuers. Access Persons are strictly prohibited from trading securities on the Restricted List.

In addition, Albany Road receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The Chief Compliance Officer or her designee reviews Access Persons’ personal transaction and holdings reports to make sure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.

ITEM 12 – BROKERAGE PRACTICES

Albany Road invests in private real estate transactions that are not executed on an exchange and does not utilize securities brokers. Notwithstanding the above, in those instances where Albany Road purchases or sells publicly-traded securities, it will, in those circumstances, seek to achieve the “best price and execution.” Although Albany Road generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services.

Albany Road does not participate in any soft dollar arrangements.

Currently, Albany Road provides investment advisory services to a select and limited number of distinct client portfolios. As such, Albany Road does not aggregate the purchase or sale of securities for multiple client accounts.

ITEM 13 – REVIEW OF ACCOUNTS

Albany Road focuses on investments primarily in real estate. All investments are under regular review by the Board of Managers of Albany Road. Such reviews include a review of investment policy, the suitability of the investments used to meet policy objectives, and investment objectives. Albany Road considers, among other things, investment performance, the portfolio's sensitivity to market changes, and whether anything has changed subsequent to an initial investment decision that impacts the risk or potential return.

As applicable, Investors in the Fund will receive: (i) annual and quarterly summaries of new investments and dispositions made during the period; (ii) annual audited financial statements audited by a nationally recognized, independent public accounting firm; and (iii) annual tax information regarding the Fund necessary for the completion of each Investor's tax return. As applicable, members of the Accounts will receive annual tax information regarding their investment in the Account(s) necessary for the completion of each member's tax return.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Albany Road sponsors the formation of each Fund and other Accounts, and Albany Road and its affiliates do not engage or compensate third party referral agents to solicit new clients. Any cash payments to solicitors of clients would be made in accordance with Rule 206(4)-3 under the Advisers Act.

ITEM 15 – CUSTODY

In accordance with Rule 206(4)-2 under the Advisers Act (the “Custody Rule”), Albany Road is deemed to have custody of Fund assets by virtue of their status as investment manager or that an affiliate of Albany Road serves as the general partner of each Fund. The qualified custodian is First Republic Bank, San Francisco, CA.

To ensure compliance with the Custody Rule, Albany Road will ensure that the Fund is subject to an annual audit by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (“PCAOB”). Albany Road’s annual audit is conducted by PKF, P.C. The audited financial statements of each Fund will be prepared in accordance with generally accepted accounting principles (“GAAP”) and distributed to each Investor within 120 days of each Fund’s fiscal year end.

Investors in the Fund receive periodic statements from Albany Road. These statements should be carefully reviewed. Investors are urged to compare such statements to the information provided in the audited financial statements provided by the Fund’s auditor.

As Albany Road’s investment program generally involves investments in real estate, Albany Road generally will be exempt from the requirement that those securities be maintained with a “qualified custodian.” The Advisers anticipate that the majority of their investments in real estate will involve securities (i) that can only be used to effect a transfer or to otherwise facilitate a change in beneficial ownership of the security with the prior consent of the issuer or holders of the outstanding securities of the issue; (ii) that are uncertificated to the extent ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; (iii) whose ownership is recorded on the books of the issuer or its transfer agent in the name of the client; (iv) which contain a legend restricting transfer; and (v) are appropriately safeguarded by Albany Road and can be replaced upon loss or destruction. Albany Road will maintain such certificates with a qualified custodian or otherwise rely on the provisions of the August 1, 2013 IM Guidance Update issued by the SEC’s Division of Investment Management which provides that such certificated, privately-offered securities are no longer required to be maintained with a qualified custodian.

ITEM 16 – INVESTMENT DISCRETION

In accordance with the terms and conditions of the applicable Governing Documents and subject to the direction and control of the Manager of the Fund, Albany Road has discretionary authority to manage the investment activities on behalf of the Fund's Advisory Clients. As explained in Item 4.C above, the Fund's investment strategy is set forth in detail in the Fund's confidential private placement memorandum. Investors do not have the ability to impose limitations on Albany Road's discretionary authority. Investors must execute a subscription agreement in which they make various representations, including representations regarding their suitability to invest in a high-risk investment pool. Further, prospective Investors in the Fund are subject to the applicable Governing Documents, which include a power of attorney.

The Accounts grant Albany Road such discretion through the execution of an LLC agreement. The Accounts are subject to investment objectives, guidelines, and restrictions, and fee arrangements, as well as other terms that are individually negotiated with the Accounts' owners, and set forth in the LLC agreements.

ITEM 17 – VOTING CLIENT SECURITIES

It should be noted that given Albany Road's business focuses on real estate investing, it is anticipated that it will be extremely rare that Albany Road will receive proxies with respect to securities held on behalf of the Fund. However, in the event proxies are issued to the Fund, Albany Road might have authority to vote proxies on behalf of the Fund. In such cases, each proxy voting proposal received by the Fund is thoroughly reviewed in order to ensure that each such vote is voted in the best interests of the Fund holding the applicable securities.

Albany Road understands and appreciates the importance of proxy voting. Albany Road has adopted proxy voting and procedures that are designed to ensure that when Albany Road votes proxies with respect to securities held on behalf of Fund, such proxies are voted in the Fund's best interests, in the judgment of Albany Road to the extent reasonably practicable. The procedures also require that Albany Road to identify and address conflicts of interest between Albany Road, its related persons and its Fund. If a material conflict of interest is identified, Albany Road will determine whether voting in accordance with the guidelines set forth in the procedures is in the best interests of its Fund or whether taking some other action may be more appropriate.

If a material conflict is identified, Albany Road will determine what course of action is in the best interests of the affected Investors (which may include utilizing an independent third party to vote such proxies). Further, Albany Road will determine whether it is appropriate to disclose the conflict to affected Investors and give such Investors the opportunity to vote the proxies in question themselves.

The Chief Compliance Officer or her designee would deliver proxies in accordance with instructions related to such proxy. Albany Road would keep a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions and each client request for proxy voting records and Albany Road's response for the previous five years.

Investors generally do not have the ability to direct proxy votes. Investors may obtain additional information regarding how Albany Road voted any proxies and may obtain a copy of Albany Road's proxy voting policies and procedures by contacting the Chief Compliance Officer.

ITEM 18 – FINANCIAL INFORMATION

Albany Road has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. Albany Road has not been the subject of a bankruptcy petition.