

**FORM ADV, PART 2A  
FIRM BROCHURE**

**BROADVIEW REAL ESTATE PARTNERS, LLC**

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**September 1, 2019**

**This Brochure provides information about the qualifications and business practices of Broadview Real Estate Partners, LLC (the “Adviser” or “Broadview”). If you have any questions about the contents of this Brochure, please contact us at (646) 278-9689 or [admin@broadviewrep.com](mailto:admin@broadviewrep.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Broadview Real Estate Partners, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Broadview Real Estate Partners, LLC is registered with the SEC as an investment adviser. Being a “registered investment adviser” or describing ourselves as being “registered” does not imply a certain level of skill or training.**

## **Item 2. Material Changes**

Broadview filed its last update to this Brochure on March 20, 2019. Since the last update, Broadview has updated its address to 300 Atlantic Street, Suite 310 Stamford, CT 06901. Please see Item 1 – Cover Page and Item 17 – Proxy Voting.

Please contact us at (646) 278-9689 or [admin@broadviewrep.com](mailto:admin@broadviewrep.com) to obtain a free copy of our Brochure. Additional information about Broadview Real Estate Partners, LLC is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### **Item 4. Advisory Business**

Broadview Real Estate Partners, LLC (the “Adviser” or “Broadview”), is a Delaware limited liability company established in 2018. Larry Ellman, Jason Grossman, and Matthew Medearis are the owners of all of the membership interests in the Adviser.

The Adviser’s advisory business is primarily to provide advisory services to pooled investment vehicles, specializing in various joint ventures of high potential, growing real estate operating companies. The Adviser also acts as a sub-adviser to certain funds managed by Berkshire Realty Ventures, L.L.C. (“Berkshire”), established in 2010.

The Adviser provides advisory services to a privately offered pooled investment vehicle, Broadview Real Estate Partners Fund, LP and its related feeder fund (collectively the “Fund”). The Adviser may provide advisory services to additional pooled investment vehicles and other types of clients in the future.

The primary focus of the Adviser’s advisory business is sourcing, underwriting, structuring, closing, and managing the Fund’s investments in real estate operating companies and real-estate related investments, in accordance with the strategies set forth in the Fund’s offering documents and/or governing documents and agreements (collectively, “Governing Documents”). For a more extensive description of the Fund and the investment strategies that the Adviser uses in formulating investment advice and managing its Fund’s assets, please see Item 7 and Item 8 below.

The Fund does not impose restrictions on the Adviser in relation to investing in certain securities or types of securities, except as may be set forth in their respective Governing Documents. If provided in the Fund’s Governing Documents, the application of certain of such restrictions may be waived, generally only with the approval of an “Advisory Committee” of the Fund, if applicable. The Fund’s Advisory Committee is generally comprised of representatives of a number of the underlying investors (each, an “Underlying Investor”) of the Fund.

In addition to the services provided to the Fund, the Adviser has entered into a Sub-Advisory Agreement with Berkshire, pursuant to which it provides investment advice or other advisory services to Berkshire in exchange for compensation, as described in the Sub-Advisory Agreement.

As of December 31, 2018, the Adviser manages \$110,204,081 in discretionary assets.

## **Item 5. Fees and Compensation**

The fee and compensation arrangements between the Adviser and the Fund is set forth in the Fund's Governing Documents, and generally will not be negotiated; provided, however, that if permitted in the Fund's Governing Documents, the fees applicable to an Underlying Investor in the Fund may be reduced at the Adviser's discretion.

### **Funds**

During the three (3) year investment period of the Fund, the Fund pays the Adviser an annual asset management fee of 1.5%, paid quarterly in advance, based upon a percentage of the committed capital. Following the three (3) year investment period, the 1.5% fee is paid based upon a percentage of the invested capital.

Such fees are paid out of the Fund's distributable proceeds, operating cash flows, borrowings, or capital contributions from the Underlying Investors. The General Partner of the Fund may reserve the right to waive all or a portion of any installment of an investment management fee, and the waived portion of an investment management fee installment shall reduce the amount of capital contributions that the General Partner would otherwise be required to contribute to the Fund after the date such waived amount would otherwise be due.

In addition, the Adviser's management fee may be reduced by an amount equal to (i) fees and expenses paid by the Fund to any placement agent in connection with the placement of interests in the Fund, and (ii) organizational and offering expenses paid by the Fund in excess of any applicable cap set forth in the Governing Documents.

BREP GP, LLC, is organized as a limited liability company in the state of Delaware and serves as the general partner of the Fund (the "General Partner"). The General Partner and/or the Adviser may be entitled to receive distributions of "carried interest" (see Item 6 below) from the Fund. Such carried interest distributions generally range up to 30% of the Fund's profits after the Fund's Underlying Investors have received their applicable preferred return, if any, and all capital contributions have been returned to such Underlying Investors.

Underlying Investors should review the Fund's Governing Documents for detailed information with respect to applicable fees.

### **Valuation**

The Fund's real estate assets are primarily "fair valued." The Adviser's valuation process includes the use of internal valuation models. Valuation methodologies include, among others, real estate appraisals using the direct capitalization method, discounted cash flow method, and/or the sales comparison method.

### **Other Fees**

In addition to the compensation described above, the Client may pay the Adviser, or its affiliates,

certain other fees for services rendered in addition to advisory services, in each case as set forth in the Fund's Governing Documents (and subject to applicable caps, if any, included in the Fund's Governing Documents).

The Adviser and its supervised persons do not accept any compensation for the sale of securities or other investment products, including any interests or shares in the Fund.

The Adviser has entered into a Sub-Advisory Agreement with Berkshire, pursuant to which it provides investment advice or other advisory services to Berkshire in exchange for compensation, as described in the Sub-Advisory Agreement. These fees are separate and apart from the fees charged by the Adviser to the Fund.

### **Expenses**

The Fund bears directly and/or reimburses the Adviser for the Fund's various operating and other expenses. Such expenses, as specified in the Fund's Governing Documents, may include, but are not limited to:

- Legal and other organizational and offering expenses incurred in connection with the Fund's formation (and the formation of any entities affiliated with the Fund), subject to any related terms described in the Fund's Governing Documents, including any applicable cap on such expenses.
- All costs and expenses incurred in maintaining the operations of the Fund and its investments, as further described in the Fund's Governing Documents. Such costs and expenses applicable to the Fund may include, but are not limited to: (i) legal, auditing, consulting, third party administration, and accounting fees and expenses (including costs of reports to the Fund's Underlying Investors, financial statements, tax returns and K-1s), and fees of any service providers; (ii) expenses of any meetings of the Fund's Advisory Committee, if applicable, and of its Underlying Investors; (iii) all expenses (including travel expenses), whether the transaction is consummated or not, associated with the consideration, acquisition, holding and disposition of the Fund's proposed or actual investments, including, without limitation, any and all costs associated with alternative investment vehicles and any holding vehicles, insurance, indemnification, and other unreimbursed expenses; (iv) all extraordinary expenses (such as litigation); (v) interest on and fees and expenses arising out of all permitted borrowings made by the Fund; (vi) all third party expenses relating to unconsummated transactions; (vii) all expenses of liquidating the Fund; and (viii) any taxes, fees, or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement, or review of the Fund.
- Brokerage and any other applicable transaction costs, and custodial fees, if any, applicable to the Fund's investments. Please see Item 12 for a description of the Adviser's brokerage practices.
- Third-party expenses attributable to the Fund's investments, including fees, costs, and

expenses (including travel expenses) incurred in the purchase, financing, management, and disposition of such investments, as well as any such fees, costs, and expenses attributable to the Fund's investments that are not consummated.

- Payment or reimbursement to the Adviser and/or its affiliates for (i) tax return preparation services and services related to compliance with respect to rules applicable to real estate investment trusts, and (ii) legal services, provided that such reimbursements shall be limited to services performed for the benefit of the Fund and not the general operation of the Adviser's (or its relevant affiliates') business and would have been performed by third parties if the Adviser or its affiliates did not have the capability to perform such services. Such reimbursements may also be limited by any cap provided for in the Fund's Governing Documents. Certain miscellaneous revenues of the Fund, including certain acquisition, financing, and break-up fees (in each case to the extent specifically described in the Fund's Governing Documents), may be applied to offset, pay, or reserve for the payment of Fund expenses (including any investment management fee) or to repay any credit facility drawdowns used to pay the same.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

As described in Item 5 above, the Adviser has compensation arrangements with its Fund, which may include performance-based compensation (also known as “carried interest” distribution arrangements with the Fund). With respect to the Fund, detailed information of the Fund’s performance-based distribution arrangements are described in the Fund’s Governing Documents. Not all performance-based fees are charged at the same rates.

Carried interest distributions can create incentives for the Adviser to recommend investments that are riskier or more speculative than those that would be recommended under a different fee arrangement. They can also create an incentive for the Adviser to favor higher fee generating investments over lower fee generating investments. As a mitigating factor, carried interest distributions are based upon realized gains when interests are sold and not on valuations.

Generally, when making allocation decisions, the Adviser considers a variety of factors including, among others, the investment objective of the Fund, the sourcing of the investment opportunity, the composition of the portfolios of the Fund, and the risks and obligations associated with that portfolio, available capital, risk tolerance, and investment objectives and guidelines of the Fund, the aggregate size of the investment, including whether follow-on investments may be required, the investment strategy and restrictions or other obligations or requirements related to the proposed investment, legal, tax, regulatory, and other considerations, and the availability of other investment opportunities. In addition, the method of allocating investment opportunities may change over time, particularly if the Fund’s investment period comes to an end.



## **Item 7. Types of Clients**

As referenced in Item 4, the Adviser's advisory Clients are the Funds and any funds to which the Adviser serves as sub-adviser, each of which has the investment objectives and strategies set forth in its Governing Documents, but is generally related to operating real estate companies and real estate-related investments/platforms, which employs one or more of the strategies described in Item 8.

### **The Fund**

The Adviser's primary advisory Clients are Broadview Real Estate Partners Fund, LP and its related feeder fund. Interests in the Fund are offered to qualified investors in reliance upon an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). The Fund is not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"), in reliance upon one or more exclusions from the definition of "investment company" therein.

The investors in the Fund include sophisticated investors, such as institutional investors, pension and profit sharing plans, endowments, charitable organizations, foundations, sovereign wealth funds, funds of funds, financial institutions, trusts, family offices, and high net worth individuals.

Investors in the Fund must each be an "accredited investor" as defined in Regulation D under the Securities Act or otherwise qualified to invest in the relevant Fund pursuant to an offering of securities that is exempt from registration under the Securities Act. Investors in the Fund must also each be a "qualified purchaser" as that term is defined in Section 2(a)(51) of the Investment Company Act.

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

In providing advisory services to its Client, the Adviser utilizes various investment strategies and methods of analysis. The Adviser specializes in the real estate sector, as described in the applicable Governing Documents of the Fund.

The Fund seeks to make investments in real estate operating companies at the entity-level or through programmatic ventures. Generally, these investments are in projects where the equity is funded through a joint venture with a third-party capital partner, in which the managing member or general partner (the “Sponsor”) receives a promoted interest after a threshold return. The Fund, through its ownership interests in platforms or programmatic ventures participates in the promoted interests generated by successful deals. The Fund may also provide entity support to operating companies in the form of overhead support, pursuit cost funding, and liquidity support.

The Fund targets investments in asset classes across the real estate sector. Target investments may include platforms that focus on a single property type in a particular region of the United States or on a national basis. Alternatively, the Fund may invest in a company that acquires and develops different property types within a single metro area, typically in a gateway market. The Fund generally targets small to mid-size platforms with strong management teams with a proven track-record of success, who can benefit from the Adviser’s capital backing and expertise in growing real estate companies.

The Adviser’s specific strategies, or the emphasis it places on different strategies, may be adjusted by the Adviser as it determines is appropriate in order to remain responsive to changing market conditions and, in particular, the changing phases of the real estate market cycle. Any such adjustments shall only be made in accordance with the Fund’s Governing Documents.

In addition to the investment themes and strategies described above, the Adviser recognizes that the real estate market is evolving and it is, therefore, continually evaluating opportunities to capitalize on the current environment. The Adviser may cause the Fund to pursue investments in special situations in which the Adviser believes above market returns can be realized outside of the strategies described above. The types of investments that may be pursued include, without limitation, development, acquisitions, and conversions of real estate properties and the investment in operating companies. The Adviser may source, underwrite, and structure new platform investments, subject to approval in accordance with each Fund’s applicable Governing Documents.

### **Material Risks**

An investment in the Fund presents potentially significant risks and is not intended as a complete investment program. Investing in real estate, securities, and in the other investments in which the Fund invests involves risk of loss that investors should be prepared to bear.

The following material risks may relate to the Fund. The following risks do not purport to be a complete list or explanation of the risks involved in an investment for any Fund, which may be set forth in further detail in a Fund’s Governing Documents. References in the following material risk

disclosures to “Broadview” may include either the Adviser itself or an affiliate thereof that serves as a General Partner or managing member to a Fund.

- General Real Estate Risks. Real estate historically has experienced significant fluctuations, and cycles in value and local market conditions may result in reductions in the value of real property interests. In addition, the properties that the Funds may invest in are often subject to extensive environmental laws and regulations, fire and safety requirements, zoning laws and similar laws, and other governmental rules, regulations and policies. Any changes in these laws, regulations and/or policies could have a materially adverse impact on the relevant properties and, consequently, on the Funds. The Fund’s ability to generate sufficient net cash flow and the marketability and value of the properties underlying the Fund’s investments will depend on many factors beyond the control of the Adviser or the Fund, including adverse changes in economic conditions; adverse local market conditions; the financial conditions of tenants and buyers and sellers of properties; changes in supply of or demand for competing properties in the area; changing demographics; perceptions of prospective tenants of the convenience, services, safety and attractiveness of the Fund’s investments; the ability of the Adviser or its affiliates to provide capable management and adequate maintenance; the quality of the construction and design of a Fund’s investments; changes in availability of debt financing; changes in interest rates, real estate tax rates and other operating expenses, environmental laws and regulations, zoning laws and other governmental rules and fiscal policies; environmental claims arising in respect of real estate acquired with undisclosed or unknown environmental problems or as to which inadequate reserves had been established; energy prices; changes in the relative popularity of property types and locations; risks due to dependence on cash flow; risks and operating problems arising out of the presence of certain construction materials; and acts of God and other uninsurable losses. Real estate investments generally cannot be sold quickly. Accordingly, it may not be possible to sell the Fund’s investments promptly in response to economic or other conditions.

Investments in real estate-related investments, including loans secured by real estate or real estate assets, are subject to various risks, including adverse changes in national or international economic conditions, local market conditions, availability or terms of debt financing, interest rates, environmental laws and regulations, zoning laws, and other governmental rules and fiscal policies, energy prices, the financial conditions of tenants, buyers, and sellers of properties, real estate tax rates and other operating expenses, the relative popularity of certain property types, and the availability of certain construction materials, as well as risks due to dependence on cash flow, acts of God, acts of terrorism, uninsurable losses and other factors which are beyond the control of the Adviser.

- Difficulty of Locating Suitable Investments. The Fund relies on the ability of the Adviser to identify, acquire, and manage investments using the proceeds of the offering of interests in or shares of the Fund. The activity of identifying, completing, and realizing attractive real estate investments is highly competitive and involves a high degree of uncertainty, and the Fund may be unable to find a sufficient number of attractive

opportunities to meet its investment objectives. There are a number of real estate investment funds and other entities looking to invest in similar investments to the Fund. The acquisition of investments may be based on competitive bidding, and other competitors for the acquisition, redevelopment and development of properties, including insurance companies, pension funds, partnerships, investment companies and real estate investment funds, may have greater economic and personnel resources than those of the Adviser or the Fund, or better relationships with sellers of the investments, lenders and others, thereby putting the Fund at a competitive disadvantage. These entities, because of their resources, may also generally be able to accept more risk than the Fund prudently can manage. This competition may generally reduce the number of suitable prospective investments offered to the Fund and increase the prices for investments of the type the Fund would likely pursue. In addition, the entry of additional investors into the segments of the real estate market in which the Fund focuses, or a decline in the number or size of assets being offered for sale, could significantly alter the anticipated dynamics of demand and supply with potentially adverse consequences for the Fund. While the Adviser believes that there are currently available attractive investments of the type in which the Fund intends to invest, there can be no assurance that such investments will be available to the Fund when investing or that available investments meet the Fund's investment criteria. In addition, because the Fund's investment activity occurs over time, adverse changes in the real estate, debt, and equity markets may reduce the number of investment opportunities available to the Fund. As a result, the Fund may be unable to identify and consummate a sufficient number of attractive opportunities to permit it to invest all of its committed capital and/or diversify its investments to the extent required to meet the Fund's return objectives.

- Concentration of Investments. The Adviser expects that the Fund's investments will consist almost entirely of investments related to operating companies within the real estate sector. Such concentration may increase the volatility of the Fund's returns and may also expose the Fund to the risk of economic downturns in the real estate sector. As a result, economic downturns in this sector could have an adverse effect on the financial condition, results of operations and cash flow of the Fund. Income from, and the value of, the Fund's investments may be adversely affected by the oversupply of properties or a reduction in demand for properties in the areas in which they are located, the attractiveness of the properties to potential tenants, competition from other properties, the Fund's ability to provide adequate maintenance and insurance and increases in operating costs.
- Tenancy Risks. The Fund's operating company may invest in a property that may incur vacancies from default of tenants under their leases or the expiration of tenant leases. Vacancies may cause the Fund to suffer reduced revenues. In addition, because properties' lease income is a factor in the value of the properties, the Fund may realize reduced or even decline in asset value.
- Acquisition, Redevelopment and Development Activities. The Fund's acquisition,

redevelopment and development activities involve many risks. In addition, investments in undeveloped land and development and redevelopment properties may involve more risk than properties on which development has been completed. Risks associated with the Fund's acquisition, redevelopment and development activities include, but are not limited to, the following:

- Acquisition, redevelopment and development opportunities explored by the Fund may be abandoned and, as a result, the Fund may fail to recover expenses already incurred in connection with exploring such opportunities.
- Acquisition, redevelopment and development costs for a property, including, without limitation, materials, labor or other expenses, may exceed original estimates, possibly making the property uneconomical.
- Zoning, land-use, building, occupancy and other required governmental permits and authorizations may be difficult or impossible to obtain, leading to delays in and/or abandonment of all or a portion of the acquisition, redevelopment or development of a property.
- Construction and lease-up may not be completed on schedule, resulting in increased debt service and redevelopment or development costs.
- Leasing costs and tenant improvement costs may exceed expectations and, therefore, adversely affect the operating performance of a property.
- Construction and permanent financing may not be available on favorable terms.

The occurrence of any of the events described above could result in meaningful unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could adversely affect the Fund's ability to achieve its currently estimated yields on investments under redevelopment or development and, in turn, could reduce potential distributions to its Underlying Investors. Properties under development or properties planned for development may distribute little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced.

- Operating Risks. Operating companies are subject to a number of operating risks including, among other things: (i) competition from other similar properties in the same geographic market; (ii) increases in operating and maintenance costs; (iii) dependence on tenants; (iv) fluctuating lease and occupancy rates; (v) the financial stability and related risks of default by tenants experiencing financial problems; and (vi) adverse effects of general and local economic conditions. These factors could adversely affect the Fund's ability to generate revenues and make distributions to its Underlying Investors.
- Investments in Operating Companies. The Fund may invest in securities of real estate-related companies that may be undergoing restructuring or require additional capital and active management. These securities are subject to various inherent risks, including

that (i) securities fluctuate in value, often based on factors unrelated to the issuer of the securities, and such fluctuations may be pronounced, (ii) such investments generally may be subject to risks with respect to the issuer, and (iii) the market for these securities may be less liquid than that for other higher rated or more widely followed securities.

- Risks Associated with Investments in Real Estate Debt Positions. As part of its investment program, the Fund may invest in fixed-rate and floating-rate loans. Floating rate loan investments would expose the Fund to the risk of lower cash flow in the event that interest rates decrease from the date of investment. Fixed rate debt investments would expose the Fund to the risk of value deterioration in the event of interest rate increases. The Fund's debt investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Fund earlier than expected, resulting in a lower return to the Fund than currently estimated. If market interest rates decline, it is likely that borrowers will seek to repay their loans prior to stated maturity in order to refinance at lower rates. If that happens, then, except as protected by any yield maintenance provisions, the Fund will lose the benefit of the above-market interest rate payments it otherwise would receive on the repaid loans. In addition, certain of the mortgage loans in which the Fund invests may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time.

Moreover, in certain situations, because the Adviser or an affiliate thereof may, in the exercise of remedies or rights under loan documents, obtain contractual rights to participate in or to influence the management of properties by borrowers, the likelihood is increased that a borrower may claim that the Fund interfered with the borrower's business, acted in bad faith in exercising its management rights or otherwise acted in a manner giving rise to a claim for lender liability. The exercise of rights or remedies may not be led or controlled by the Adviser, but may be led or controlled by a holder of a different debt position who may have interests that are in conflict with the interests of a Fund. As a lender, the Fund may also be subject to penalties for violations of state usury limitations, which penalties may be triggered by contracting for, charging or receiving usurious interest.

In the event of default and the exhaustion of any equity support, reserve fund or letter of credit support, the Fund might not be able to recover all of its investment in the debt obligations purchased. The Fund's investments in loans may involve workout negotiations, restructuring and the possibility of foreclosure. Even if a restructuring were successfully accomplished, however, there exist the risks of a substantial reduction in the interest rate and a substantial write-down of the principal of such loans. It is possible that the Adviser may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by the Fund.

- Risks Associated with Enforcement of Rights Against Borrowers Following Defaults. If the borrowers under the debt instruments comprising the Fund's investments default in their obligations, the Fund may seek to pursue foreclosure and

other remedies, if any, available under the terms of the related loans. Exercise of foreclosure and other remedies may involve lengthy delays and additional legal and other related expenses. The foreclosure process varies from jurisdiction to jurisdiction and can be lengthy and expensive. Applicable laws in certain jurisdictions may provide borrowers with an array of rights to resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including, without limitation, lender liability claims and defenses. In some jurisdictions, foreclosure actions can take several years or more to litigate. Foreclosure litigation can create a negative public image of the applicable property and may result in disruption of the ongoing leasing and management of the property. In certain circumstances, foreclosing mortgage creditors may also become liable, upon taking title to collateral, for environmental or structural damage at the property site. Because of the potential difficulties presented by the foreclosure process, in some cases instead of pursuing foreclosure or other remedies, the Fund or, if applicable, senior lenders may seek to negotiate with the borrower to restructure the debt. Although a restructuring may avoid the delay and expense of foreclosure, it is likely to have other adverse consequences for the Fund. Any restructuring may involve either or both a substantial reduction in the interest rate and a substantial write-down of the principal of the restructured loans, which will reduce the value of the Fund's investment and may result in a loss on the investment. A restructuring could also delay the realization of value. If any of the above occurs, the Fund's ability to make anticipated distributions to investors could be delayed or otherwise adversely affected.

- Bankruptcy Considerations. Claims on real estate assets operating in workout modes or under applicable bankruptcy laws could, if the Fund inappropriately exercises control over the management and policies of the debtors, be subordinated or disallowed, and may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of the Fund's original investment, including equitable subordination and/or disallowance of claims or lender liability. Furthermore, payments made to the Fund with respect of such claims, and distributions by the Fund to its Underlying Investors, could be recovered if such payments or distributions are found to have been fraudulent conveyances or preferential payments or the equivalent under the laws of certain jurisdictions. Bankruptcy laws may delay the ability of the Fund to realize on collateral for claims held by it or may adversely affect the priority of such claims through doctrines such as equitable subordination or may result in a restructuring of the debt through principles such as the "cramdown" provisions of the bankruptcy laws. In addition, there are other risks and uncertainties related to litigation, bankruptcy, and other laws and regulations affecting the rights and remedies of the Fund with respect to these assets that can create additional financial risks to the Fund.
- General Risks of Secured Loans. Certain loans held by the Fund may be secured. While secured loans originated or purchased by the Fund or its affiliates will often intend to be over-collateralized, the Fund may be exposed to losses resulting from default and foreclosure. Therefore, the value of the underlying collateral, the creditworthiness of the borrower and the priority of the lien are each of great importance. The Adviser cannot guarantee the adequacy of the protection of the Fund's

interests, including the validity or enforceability of the loan and the maintenance of the anticipated priority and perfection of the applicable security interests. Furthermore, the Adviser cannot assure that claims may not be asserted that might interfere with enforcement of the Fund's rights. In the event of a foreclosure, the Fund may assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to the Fund. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the loss.

- Risks Associated with Subordinate Debt. Certain debt instruments in which the Fund may invest may be subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and/or subject the Fund to a "first loss" subordinate holder position. In such cases, the ability of the Fund to exercise its remedies upon a default, or to take action in anticipation of a default to protect the value of its investment, is likely to be substantially less than that of senior creditors. For example, under the terms of typical subordination agreements, senior creditors are able to block the acceleration of the junior debt or the exercise by junior debt holders of other rights they may have as creditors. Accordingly, the Adviser may not be able to take the steps necessary to protect the Fund's interests in a timely manner or at all.

Debt securities and investments of the type in which the Fund may invest are also subject to other risks arising out of the laws governing creditors' rights, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) the possible assertion of so-called "lender liability" claims by the issuer of the obligations, and (iii) environmental liabilities that may arise with respect to the collateral securing the obligations. In many cases, the Adviser's management of the Fund's investments and remedies with respect thereto, including the ability to foreclose on any collateral securing such investments, will be subject to the rights of senior lenders (if any) and contractual inter-creditor provisions. Accordingly, there can be no assurance that the Fund's rate of return objectives will be realized.

- Risks Associated with Mezzanine Loan Origination. The Fund may provide mezzanine financing to real estate development and operating companies for new acquisitions of real estate and refinancing transactions, which are typically secured primarily by a pledge of the development or operating company's direct or indirect ownership interests in the underlying real estate property. If the Fund provides mezzanine financing, its ability to foreclose on the pledged ownership interests in the underlying property may be constrained by inter-creditor arrangements that, for example, may require the Fund to cure material defaults under the underlying bank loan before being entitled to foreclose on its collateral. Foreclosure may also be limited by the rights of the borrower under applicable law. Even if the Fund is able to foreclose on its collateral, as the new direct or indirect owner of the underlying property, the Fund will become the borrower, in effect, with respect to the underlying



bank loan and the owner (subject to the underlying bank loan and any other senior mezzanine indebtedness) of the underlying property. Investments in mezzanine loans, therefore, involve not only the risks associated with subordination to the rights of senior lenders, but also the risks associated with ownership and management of the underlying property and the risks of being the borrower, in effect, with respect to a loan that may be in default.

- Risks Associated with High Yield Debt. The Fund may invest a portion of its capital in loans that are rated below investment-grade by one or more nationally recognized rating organizations or are unrated but of comparable credit quality to obligations rated below investment-grade. High yield debt is generally unsecured and is frequently subordinate to other obligations of the obligor. High yield debt is rated lower because the issuers thereof are more likely than other debtors to default on their obligations as a result of adverse changes in the financial condition of such debtor or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings). Many issuers of high yield debt are highly leveraged, and as a result of such relatively high debt-to-equity ratios there is a greater risk that their operations might not generate sufficient cash flow to service their debt obligations. In addition, many issuers of high yield debt may (i) be in poor financial condition, (ii) be experiencing poor operating results, (iii) have substantial capital needs, (iv) have negative net worth, (v) be subject to particular competitive issues, or (vi) be subject to bankruptcy or other reorganizations or liquidation proceedings. Certain of these securities may not be publicly traded and, therefore, it may be difficult to obtain information as to the true condition of the issuers. Overall declines in the below investment-grade bond and other markets may adversely affect such issuers by inhibiting their ability to refinance their debt at maturity. In most cases, such debt will be rated below “investment grade” or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer’s failure to make timely interest and principal payments.

The market for high-yield securities has experienced periods of volatility and reduced liquidity. The market values of certain of these debt securities may reflect individual corporate developments. It is likely that a general economic recession or a major decline in the demand for products and services, in which the obligor operates, could have a materially adverse impact on the value of such securities. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these debt securities.

- Limited Information. Investment analyses and decisions by the Adviser may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available at the time of making an investment decision may be limited, and the Adviser may not have access to complete information regarding the investment, such as physical matters, zoning regulations or other local conditions affecting an investment. In addition, in certain instances, the Adviser may not receive access to all available information to determine fully the origination, credit appraisal and underwriting practices utilized with respect to an

investment or the manner in which the investment has been serviced or operated. Therefore, no assurance can be given that the Adviser has knowledge of all circumstances that may adversely affect an investment. In addition, the Adviser expects to rely on specialized expert input by various third-party consultants and service providers in connection with its evaluation of proposed investments.

- Portfolio Acquisition and Multi-Step Transaction Risks. The Fund may acquire multiple assets in a single transaction. Portfolio acquisitions are more complex and expensive, however, than single asset acquisitions, and the risk that a multiple asset acquisition will not close may be greater than in a single asset acquisition. A seller may require that a group of assets be purchased as a package, even though one or more of the assets in the portfolio does not meet the Fund's investment criteria. In such cases, the Adviser, on behalf of the Fund, may attempt to make a joint bid with another buyer that may default on its obligations, or the Adviser, on behalf of the Fund, may purchase a portfolio of assets with the intent to dispose subsequently of those assets that the Adviser has determined the Fund should sell. There is no guarantee, however, that the Adviser, on behalf of the Fund, will successfully dispose of such assets or that it will be able to dispose of them on terms favorable to the Fund.

In the event that the Adviser chooses to effect a transaction on behalf of the Fund by means of a multi-step acquisition, there can be no assurance that all of such required steps can be successfully consummated. This could possibly result in the Fund owning a significant real estate investment without having working control over the assets or access to its cash flow to service debt incurred in connection with the acquisition and without being able to dispose of such position at prices equal to or greater than its purchase price.

- Control Issues. In certain situations, the Adviser, on behalf of the Fund, may acquire a non-controlling interest in a company or other asset in which the Fund invests that relies on independent third-party management or strategic partners with respect to the operation of a company or other asset in which it invests, or may only acquire a participation in an asset underlying an investment, and therefore, may not be able to exercise control over the management of such company or investment. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party partner or investor may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Fund or may take action contrary to the Fund's investment objectives. In addition, the Fund may, in certain circumstances, be liable for the actions of its third-party partners or investors. In instances where the Fund co-invests with a co-investment vehicle or with another fund or in a joint venture arrangement, the Fund may not have absolute control over the management of such investment.
- Liquidity Considerations. The Fund's investments generally are illiquid. Real estate investments by their nature are often difficult or time-consuming to liquidate. Moreover, there can be no assurance that the Fund will realize value on its investments

in a timely manner. Dispositions of the Fund's investments also may be subject to contractually imposed limitations on transfer or other restrictions that could interfere with the sale of the Fund's investments or adversely impact the terms that could be obtained upon any sale. This illiquidity may limit the ability of the Adviser to change the composition of the Fund's portfolio promptly in response to changes in economic or other conditions and limit near-term cash flow available for distribution to its Underlying Investors.

- Investments Longer than Term. The Adviser, on behalf of the Fund, may make investments that may not be advantageously disposed of prior to the date that the Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although the Adviser expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the Adviser generally will have only a limited ability to extend the term of the Fund and the Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.
- Liabilities Upon or Following Disposition of Investments. In connection with the sale or other disposition of an investment, the Fund may be required to make representations about the business and financial affairs of an investment typical of those made in connection with the sale of any business or asset or may be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchaser of such investment to the extent that any such representations or disclosure documents are determined to be inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Underlying Investors in the Fund to the extent that such Underlying Investors have received prior distributions from the Client.
- Third Party Claims. The Fund may invest in properties subject to known or unknown liabilities and with limited or no recourse. As a result, if liability were asserted against the Fund based upon such properties, the Fund might have to pay substantial sums to dispute or remedy the matter, which could adversely affect the Fund's cash flow. Unknown liabilities with respect to investment properties could, for example, include liabilities for clean-up of undisclosed environmental contamination; claims by tenants, vendors or other persons relating to the former owners of the properties; liabilities incurred in the ordinary course of business; and claims for indemnification by the general partners, directors, officers, and others indemnified by the former owners of the properties.
- Risks of Leverage Generally. The Fund's underlying investment entities may utilize a leveraged capital structure, in which case a third party typically would be entitled to cash flow generated by such investments prior to the Fund receiving a return. Although the use of leverage may enhance returns and increase the number of investments that can be made, it may also substantially increase the risk of loss. Additionally, use of leverage on any particular investment will increase the exposure of such investment to adverse economic factors such as rising interest rates, severe

economic downturns or deterioration in the condition of the real estate investment or its market. The extent to which the Fund uses leverage may have important consequences to its Underlying Investors, including, but not limited to, the following: (i) greater fluctuations in the net assets of the Fund; (ii) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions or other purposes; (iii) increased interest expense if interest rate levels were to increase significantly; (iv) in certain circumstances, prematurely harvesting investments to service the Fund's debt obligations; and (v) limitation on the flexibility of the Fund to make distributions to its investors or sell assets that are pledged to secure the indebtedness. In addition, if a property is mortgaged to secure payment of indebtedness and the Fund is unable to meet its mortgage payments, the property could be foreclosed upon or otherwise transferred to the mortgagee, with a consequent loss of income and asset value to the Fund.

- Deterioration of the U.S. Financial System. Events over the course of the past several years in the subprime mortgage market and other areas of the fixed income markets have caused significant dislocations, illiquidity and volatility in the mezzanine debt, structured credit and high-yield bond markets, as well as in the wider global financial markets. Such deterioration of the global credit markets made it more difficult for real estate owners and investors to obtain favorable financing and, in some cases, financing at all, for their investments. During that time, a widening of credit spreads, coupled with the deterioration of the subprime and global debt markets and a rise in interest rates, dramatically reduced certain investor demand for high yield debt, higher leverage levels, and senior bank debt, which in turn led some investment banks and other lenders to be unwilling to finance new investments or to only offer committed financing for these investments on unattractive terms. While more recently credit spreads have narrowed and the availability of financing has become more widespread, there is no assurance that such a trend will continue.

The Adviser's ability to generate attractive investment returns for the Fund may be materially and adversely affected to the extent the Adviser is unable to obtain favorable financing terms for the Fund's investments.

- Interest Rate Fluctuation. The Fund may incur variable rate indebtedness. In that case, increases in interest rates would increase the Fund's interest costs thereby decreasing the amount of available funds for distribution to its Underlying Investors. Increases in interest rates also may cause a reduction in the value of the Fund's investments. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies that are beyond the control of the Fund. The Adviser, on behalf of the Fund, may employ a hedging strategy to limit the effects of changes in interest rates including engaging in interest rate swaps, caps, floors and other interest rate exchange contracts. There is a cost associated with the use of these types of derivatives to hedge the Fund's assets and liabilities. Moreover, there is no perfect hedge for any investment, and a hedge may not perform its intended use of offsetting losses on an investment. With respect to certain potential hedge instruments, the Fund is exposed to certain counterparty risks, such as a swap counterparty ceasing to make

markets and quote prices in such instruments, which may render the Fund unable to enter into an offsetting transaction with respect to an open position. Consequently, the profitability of the Client may be adversely affected during any period as a result of changing interest rates.

- Environmental Considerations. The Fund could face a meaningful risk of loss from lawsuits related to environmental claims associated with the Fund's investments. The Fund may be held liable pursuant to environmental claims under various federal, state and local laws, ordinances and regulations as well as common law principles (collectively, "Environmental Laws") for the costs of removal or remediation of certain hazardous or toxic substances on or in a property. The Fund may also be subject to claims or liability for the costs of removal or remediation of hazardous substances that are released at, in, on, under or from the property. The cost of any required remediation and the owner's liability as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. In addition to claims for cleanup costs, the presence of hazardous substances or the release of hazardous substances from a property or a facility, and persons who arranged for off-site disposal activities, could result in a claim by a private party for personal injury or property damage or could result in a claim from a governmental agency for other damages. Liability under such Environmental Laws can be imposed on the owner or the operator of real property or a facility without regard to fault or even knowledge of the release of hazardous substances and other regulated materials on, at, in, under, or from the property or facility. In addition, some Environmental Laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with contamination. Any environmental studies that may be conducted before the Fund invests in a property cannot guarantee that the Fund will be aware of all contamination at such property and the subsequent costs of removal, management or remediation, either because such conditions were latent or because of changes in laws and regulations. The presence of hazardous substances in amounts requiring response action or the failure to undertake necessary remediation may adversely affect the Fund's ability to use or sell real estate or borrow money using such real estate as collateral, which could have an adverse effect on the Fund's return from such investment. Certain U.S. federal, state, and local laws, regulations, and ordinances govern the removal, encapsulation, or disturbance of asbestos-containing materials ("ACMs") when such materials are in poor condition or in the event of construction, remodeling, renovation, or demolition of a building. These laws may impose liability for release of ACMs and may provide for third parties to seek recovery from owners or operators of real property for personal injury associated with ACMs. In connection with its ownership and operation of real estate, the Fund may incur liability for such costs.
- Compliance with Americans with Disabilities Act and the Fair Housing Act and Other Changes in Governmental Regulations. Under the Americans with Disabilities Act of 1990 (the "ADA"), all public properties are required to meet certain U.S. federal requirements related to access and use by disabled persons. In addition, changes in governmental rules and regulations, including Title VIII of the

Civil Rights Act of 1968 (the “Fair Housing Act”), or enforcement policies affecting the use or operation of the properties, including changes to building, fire, and life-safety codes, may occur. Properties underlying the Fund’s investments may not be in compliance with the ADA, the Fair Housing Act or other governmental requirements. If a property is not in compliance with the ADA, the Fair Housing Act or other governmental requirements, then the Fund may be required to make modifications to such property to bring it into compliance, or face the possibility of an imposition of fines or an award of damages to private litigants. The Fund may also incur additional costs from time to time in the future to stay in compliance with any changes in the ADA, the Fair Housing Act or other governmental regulations. Additional legislation may impose further burdens or restrictions on owners with respect to access by disabled persons. The ultimate amount of the cost of compliance with the ADA, the Fair Housing Act or such other legislation is not currently ascertainable and, while such other costs are not expected to have a material effect on the Fund, such costs could be meaningful.

- Uninsured Losses. The Adviser generally intends to maintain and/or require to be maintained comprehensive insurance on the Fund’s real property investments, including general liability, fire, extended coverage and rental loss insurance, with reputable carriers and with policy specifications and insured limits which the Adviser believes are adequate and appropriate under the circumstances, given relative risk of loss, the cost of such coverage and industry practice. If any of the portfolio companies in which the Fund invests fails to comply with these requirements and an uninsured loss occurs, the consequences may be adverse for the Fund. Additionally, there are certain types of losses, generally of a catastrophic nature, including, without limitation, wars, natural disasters, terrorist attacks and other similar events, that may be uninsurable or insurable only on commercially unrealistic terms. In general, losses related to terrorism are becoming harder and more expensive to insure against. Even if insurance is in place and an insured loss is paid, inflation, changes in building codes and ordinances, environmental considerations and other factors may also make it infeasible to use the insurance proceeds to repair or replace a property if it is damaged or destroyed. Should an uninsured loss or a loss in excess of insured limits occur with respect to one or more of the Fund’s investments, the Fund could lose the value of these investments, as well as the anticipated future revenue from those investments. Any such loss could adversely affect the financial condition, results of operations and cash flow of the Fund.

**Item 9. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the investment adviser or the integrity of the investment adviser's management.

There are no legal or disciplinary events to report that are material to the Fund's evaluation of our advisory business or the integrity of our management.

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

The Adviser or its affiliates has made capital commitments to invest in the Fund for which an affiliated limited liability company also serves as General Partner, and in connection with such commitment, it is invested pro rata with the limited partners in the Fund in all transactions of the Fund. The Adviser or its affiliates may invest their capital directly or through one or more limited partners in a Fund or, in the sole discretion of the Adviser with respect to any particular investment, through a separate co-investment vehicle on substantially the same terms and conditions as the Fund; provided, however, such limited partners are not be subject to the Adviser's fees.

The Adviser does not recommend or select other investment advisers for the Fund. From time to time, however, the Adviser may cause its Fund to make investments in joint ventures, whether through tenancies-in-common or other venture partnerships, with a seller of a property investment, an independent third party, or another investment entity sponsored by the Adviser's affiliates (including another Fund), generally in structures where the Adviser retains control rights over any major decisions relating to such joint ventures.

There are occasions when the Adviser and its affiliates encounter potential conflicts of interest in connection with the Fund, including in connection with the following aspects of the activities of the Adviser and its Fund:

The Fund relies on the Adviser (and, in part, on an affiliated General Partner, if applicable) for the day-to-day administration and operation of the Fund and the management of the Fund's investments. Members of the Adviser's management team are not under any obligation to devote their full time and attention solely to the business of the Fund. They may work on other projects for the Adviser or its affiliates, subject to any restrictions set forth in the Fund's Governing Documents. Consequently, conflicts of interest may arise in allocating management time, services or functions of key personnel, as well as other officers and employees of the Adviser to the extent they are needed for services or functions on behalf of the Fund at the same time.

Except as limited by a Fund's Governing Documents, the Adviser, any applicable General Partner, and their respective directors, members, partners, shareholders, officers, employees, agents and affiliates (collectively, the "Affiliated Parties") could conduct any other business, whether or not such business is in competition with the Fund. The Affiliated Parties may own interests in other properties in the same general location as the properties in which the Fund has an interest, and such properties may compete with those of the Fund for buyers, tenants, or financing. While the Adviser and its affiliates intend to avoid situations involving conflicts of interest, conflicts of interest may nevertheless arise in the day-to-day operations of the Fund and the conduct of such other businesses. In addition, as a result thereof, the Adviser, any applicable General Partner, and their Affiliated Parties, may from time to time acquire confidential or material non-public information that they will not be able to use for the benefit of the Fund, which may lead to the Fund not being able to initiate a transaction that it otherwise might have initiated and not being able to sell an investment that it otherwise might have sold.



Certain investment vehicles managed by the Adviser and its affiliates existing prior to the formation of the Fund may have limited rights to acquire investments that might otherwise be suitable for the Fund. In addition, although the Fund's Governing Documents may contain limitations on the ability of the Adviser or its affiliates to form successor investment vehicles (each, a "Successor Fund") until the expiration of certain conditions set forth in the Governing Documents, it is still possible, subject to any such applicable limitations, that a Successor Fund may be launched before the Fund's capital commitments from Underlying Investors have been fully invested or committed for investment. The Adviser and its affiliates are also permitted to pursue certain investments outside of the Fund, subject to any applicable restrictions set forth in the Fund's Governing Documents.

In addition, there may be other or different potential conflicts of interest that arise in the future. Additional information regarding investments by affiliates of the Adviser in the Fund, as well as other conflicts of interest arising from the relationships and activities of the Adviser and its affiliates, is provided below in Item 11.

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

The Adviser has adopted a Code of Ethics (the “Code”), which includes policies and procedures governing personal trading activities, conflicts of interests, fair dealing, handling confidential information, handling material non-public information, accepting and offering gifts, making political contributions, and engaging in outside business activities. The Code is applicable to all of the Adviser’s personnel, both non-clerical and clerical, who are directly or indirectly involved in the Adviser’s investment advisory business (the “Advisory Personnel”). The Code is intended to seek to ensure that such persons act in the best interests of the Adviser’s Clients and particularly, that each such person conducts his or her affairs, including personal securities transactions, in such a manner as to avoid serving his or her own personal interests ahead of the Clients.

As described in Item 10, from time to time the Adviser may cause the Fund to make investments in joint ventures, whether through tenancies-in-common or other venture partnerships, with a seller of a property investment, an independent third party or another investment entity sponsored by the Adviser’s affiliates (including another Fund).

The Fund may pay performance-based compensation to the Adviser and not all performance-based compensation is charged at the same rates. The Adviser and its affiliates may face certain conflicts of interest in this regard, as further described in Item 6. In addition, in an effort to increase potential returns to the Fund, and thereby to increase potential performance-based compensation to itself, the Adviser may have an incentive to select investments for the Fund that involve a higher degree of risk than might otherwise be the case if the Adviser were not so compensated.

The Adviser and certain of its principals, officers, and senior-level employees also may invest in the Fund for their own accounts, subject to the Fund’s eligibility criteria. The Adviser’s principal owners may own, directly or indirectly, all or substantially all of the equity interests in the Adviser for the Fund or in other affiliated funds of the Adviser.

Each of the foregoing conflicts of interests could have a detrimental effect on the performance of the investment portfolios of the Fund. In the event that a conflict arises, the Adviser will address the conflict by acting in the best interests of the Fund, in a fair and equitable manner, in accordance with the Fund’s Governing Documents, and after taking into consideration all relevant circumstances.

This may create conflict of interest with the Fund, as it generally cannot select other service providers to provide these services or negotiate compensation for such services, having delegated to the Adviser the rights to engage its affiliates for such services (or to provide such services itself), and to cause the fees for such services to be paid by the Fund. Conflicts of interest may also arise with respect to related contract terms, such as, for example, in determining whether a service provider is entitled to be indemnified pursuant to any agreement between the Fund and such service provider or whether such service provider has satisfactorily performed in compliance with its agreement with the Fund. The Adviser addresses such conflicts by seeking to ensure that the fees chargeable to the Fund for the relevant services to be provided by the Adviser or its affiliates, in each case as provided in the Fund’s Governing Documents, are clearly defined in the Fund’s

Governing Documents. In addition, any other services provided by the Adviser or its affiliates to the Fund and its investments are typically required to be made on terms and conditions that are at least comparable to the terms and conditions that would be available in arm's-length transactions with independent third parties providing similar services. However, any fees charged in connection with such services and any other terms and conditions relating to such services will not actually be determined through arm's-length negotiations.

Neither the disclosures in this Item 11, nor the policies and procedures in the Adviser's Code of Ethics, can address every possible circumstance that may give rise to conflicts of interests that may impact the Funds. The Adviser's Code of Ethics requires that its Advisory Personnel be alert to potential conflicts of interest and that any potential conflict of interests must be reported immediately to the Adviser's Chief Compliance Officer.

We will provide a copy of our Code to any Client or prospective Client upon request made to the Adviser's Chief Compliance Officer.

## **Item 12. Brokerage Practices**

The Fund's investment strategies will not typically involve public securities. As such, the Adviser will not generally select or recommend broker-dealers for Fund transactions, provided that the Fund may maintain a brokerage account for purposes of engaging in limited money market fund transactions, as temporary investments, if permitted pursuant to the Fund's Governing Documents.

The Adviser does not have any formal arrangements where it obtains research and brokerage services with the Fund's commissions ("soft dollars") that would commit the Adviser to any specific or implied level of trading with any broker-dealer or a third party in connection with the Fund's securities transactions.

With respect to the selection of real estate brokers to use in connection with the purchase, sale, or leasing of the Fund's real estate investments, the Adviser and its affiliates will determine the commissions to be paid. This discretion may be exercised without obtaining consent of the Fund. In selecting the real estate broker, the Adviser and its affiliates evaluate various factors to consider including, but not limited to, the broker's experience and knowledge of specific property and local market conditions, the type of property involved, and the fee charged.

Due to various considerations, the Adviser will not typically aggregate purchases or sales of securities for various Fund accounts.

## **Item 13. Review of Accounts**

### **Account Reviews**

At the time that the Adviser causes the Fund to acquire a real estate investment, the Adviser develops a comprehensive business plan for each property, which typically includes a number of potential exit strategies once the property value has been maximized, as determined by the Adviser. Such business plans are evaluated and amended annually and will be monitored by the Adviser throughout the year. The Adviser also use economic and submarket forecasting information provided by third-party experts along with the Adviser's own experience and resources in an effort to seek to time and implement exit strategies for the Fund's investments. The annual business plans also includes the evaluation of individual property improvement plans and potential exit strategies.

The advisory activities of the Adviser with respect to the Fund are also subject to the oversight of the Advisory Committee that is responsible for approving all investments and dispositions of investments for the Fund. The Advisory Committee is comprised of a number of the Adviser's principals and executives.

### **Client Reports**

The Fund uses commercially reasonable efforts to furnish unaudited financial statements on a quarterly basis to all of its Underlying Investors (other than for the last fiscal quarter of each fiscal year). Underlying Investors in the Fund also receive on a quarterly basis descriptive information regarding: (i) the Fund's investments; (ii) transactions between the Fund and its General Partner (if applicable) and other affiliates of the Adviser, other than those specifically provided for in the Fund's Governing Documents; and (iii) each Underlying Investor's own capital account in the Fund and details of all Fund transactions which flowed through such capital account. The Fund also includes the estimated value of each of its investments in its annual report and each quarterly report. The Fund, after the end of each fiscal year, has its audited financial statements prepared and sent to each of its Underlying Investors.

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

### **Investor Referrals**

The Adviser may enter into agreements with placement agents in connection with the referral of prospective Underlying Investors to make investments in the Fund. While the specific terms of each arrangement may differ, generally a placement agent's compensation is based upon the capital commitments made by the referred Underlying Investors to the Fund.

Under certain circumstances and subject to the Fund's Governing Documents, placement agent fees will be borne by the Fund, but result in a corresponding reduction in the Management Fee that would be paid to the Adviser.

Any such arrangements entered into by the Adviser will be fully disclosed to the Fund and will comply with the requirements of Rule 206(4)-3 under the Advisers Act, where applicable. The Adviser does not currently have any existing agreements with placement agents.

### **Other Compensation**

The Adviser does not receive other types of compensation from persons that are not Clients for the advice it provides to Clients.

## **Item 15. Custody**

The Adviser, or an affiliate, may be deemed to have custody by virtue of its status as investment manager or general partner of the Fund. The Fund's portfolios typically include investments that are direct investments in real estate and real estate operating companies. In such cases, the Fund generally also has accounts that contain funds derived from rents and other operating cash and funds related to the operations of such real estate investments.

The Adviser does not anticipate using a qualified custodian to send quarterly account statements to the Fund or to its Underlying Investors.

In addition, in connection with the final liquidation of the Fund, the Adviser will obtain a final audit and distribute audited financial statements to the Underlying Investors in the liquidated Fund promptly after completion of the audit.

All Underlying Investors should carefully review these audited financial statements. All Underlying Investors should contact the Adviser's Chief Compliance Officer if there are any material discrepancies between the audited financial statements and reports that they may receive from the Adviser.

**Item 16. Investment Discretion**

The Adviser has discretionary authority to manage the assets of the Fund pursuant to an investment management agreement between the Fund and the Adviser. This agreement includes an explicit grant of discretionary authority to manage the Fund's assets. Except as described below, there are no specific limitations placed on this authority, provided that the Adviser exercises its discretionary authority in accordance with the investment objectives and strategy and applicable limitations, if any, set forth in the Governing Documents of the Fund.

The advisory activities of the Adviser with respect to the Fund are also subject to the oversight of the Advisory Committee that is responsible for approving all investments and dispositions of investments for the Fund. The Advisory Committee is comprised of a number of the Adviser's principals and executives.



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

The Adviser does not expect that the Fund will typically hold investments that give rise to instances of proxy voting, or other voting with respect to the Fund's real estate investments.

However, the Fund may from time to time hold shares or other securities or interests in special purpose vehicles or other entities, and the Fund may have the opportunity from time to time to vote on certain matters that arise under the governing documents of the special purpose vehicles or entities in which it is invested. In such cases, the Adviser will evaluate the matter, which is the subject of the vote in light of the relevant circumstances, and will seek to vote with respect to such matter in a manner that the Adviser determines will further the best interests of the Fund.

The Fund or Underlying Investor in the Fund may request a copy of the Adviser's policy regarding its voting of Fund securities, as well as information regarding how the Adviser has voted any proxies on behalf of the Fund in which an Underlying Investor is invested, by calling 646-278-9689, or by submitting a written request to Broadview Real Estate Partners, LLC, 300 Atlantic Street, Suite 310 Stamford, CT 06901.

**Item 18. Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about their financial condition. The Adviser believes that it has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to its funds, and the Adviser has not been the subject of any bankruptcy proceeding.