

Rubenstein Partners, L.P.  
SEC Form ADV Part 2A  
Firm Brochure (“Brochure”)

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This Brochure provides information about the qualifications and business practices of Rubenstein Partners, L.P. (“Adviser”). If you have any questions about the contents of this Brochure, please contact us at 215-563-3558. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Rubenstein Partners, L.P. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**THIS BROCHURE DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES. POTENTIAL INVESTORS SHOULD REFER TO THE OFFERING DOCUMENTS OF THE APPLICABLE PRIVATE FUND CLIENTS (AS DEFINED HEREIN) PRIOR TO CONSIDERING AN INVESTMENT IN SUCH PRIVATE FUND CLIENT.**

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## **Item 2 – Material Changes**

Since the Adviser's last annual update, dated March 30, 2018, the following material changes were made to the Brochure:

Item 4: Advisory Business. Rubenstein Mortgage Fund, L.P. is considered a Client as of July 2018.

Item 5: Fees and Compensation. Provides additional information related to the Debt Fund and information concerning the ending of the KOZ lease or sublease allocations after 2018.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss. Provides additional information related to risks related to commercial mortgage loans.

Please be aware that revisions have been made to this Brochure which are not mentioned in this summary. Consequently, we encourage you to read this Brochure in its entirety.

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#### Item 4 – Advisory Business

Rubenstein Partners, L.P. (“Adviser”) is a Delaware limited partnership that provides investment advisory services to its Clients (defined below). Adviser has been in business since 2005. The principal owner of the Adviser is David B. Rubenstein, its Founder and Senior Managing Principal.

Adviser’s primary clients are Rubenstein Properties Fund, L.P. (“Fund I”), Rubenstein Properties Fund II, L.P. (“Fund II”), Rubenstein Properties Fund III, L.P. (“Fund III”), Rubenstein Mortgage Fund, L.P. (“Debt Fund”). Fund I, Fund II, Fund III, and Debt Fund are sometimes referred to individually as a “Fund” and together as the “Funds”. The General Partner of Fund I is Rubenstein Properties Fund GP, L.P. (the “General Partner I”). The General Partner of Fund II is Rubenstein Properties Fund II GP, L.P. (the “General Partner II”). The General Partner of Fund III is Rubenstein Properties Fund III GP, L.P. (the “General Partner III”). The General Partner of the Debt Fund is Rubenstein Mortgage Fund GP, LLC (the “General Partner Debt Fund”). General Partner I, General Partner II, General Partner III and General Partner Debt Fund are all affiliates of the Adviser and are sometimes referred to individually as a “General Partner” and together as the “General Partners”. In addition to the Funds, Adviser provides investment advisory services to TRC Associates Limited Partnership (“TRCALP”). The services Adviser provides to TRCALP, however, are not significant and do not represent a material part of Adviser’s activities because TRCALP is not actively seeking or making any investments (and does not expect to do so in the future).

The Funds and TRCALP collectively are the “Clients” and each a “Client.” “Client” means an advisory client of Adviser as understood under the Investment Advisers Act of 1940 and includes a Private Fund. Unless specifically indicated to the contrary in this Brochure, the term “Client” does not include any REIT Client. “REIT Client” means an advisory client of Adviser that (i) is a subsidiary of a Private Fund Client; and (ii) has elected to qualify as a real estate investment trust within the meaning of Section 856 of the United States Internal Revenue Code of 1986, as from time to time amended, and any successor thereto.

Adviser provides investment advisory services to each Fund with respect to its investments, which investments are made and held through subsidiary entities, including, in some instances, one or more REITs (defined below). Adviser’s advice is provided exclusively to each Fund and not to its subsidiary REIT or other subsidiaries. Further, no investment advisory fee or compensation is paid to the Adviser by any REIT. Nevertheless, the Adviser is currently treating, Rubenstein Properties REIT II, LLC (“REIT II”), Rubenstein Properties REIT III, LLC (“REIT III”), and Kent Avenue Properties SUB-REIT LLC (“Sub-REIT”) as REIT Clients. REIT II, REIT III, and Sub-REIT are sometimes referred to individually as a “REIT” and together as the “REITs”.

The Funds seek to invest in real estate assets and real estate related assets, with a focus on office-related assets in the United States. These assets include but are not limited to: interests in privately or publicly held operating companies and real estate related businesses; commercial mortgage backed securities; indebtedness secured by real property or secured by interest in entities owning real property; equity interests in entities that own or operate real property or other real estate related assets; and interests in any amounts escrowed, reserved or otherwise set aside with respect to any real property or other real

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estate related assets.

Adviser's investment advisory services to the Funds consist of management, advice, guidance, recommendations, as well as assistance and other consulting services (collectively, the "Fund Management Services"). These tasks include, but are not limited to, identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and disposing of such investments.

Adviser tailors its advisory services to the individual needs of its Clients in accordance with each Client's constituent documents. Investors should consider whether the investment objective and strategy of the respective Funds are in line with their investment objectives and risk tolerances and that they have sufficient expertise to make the decision to invest because the Adviser does not provide individualized advice to investors in the Funds.

As of December 31, 2018, the Adviser managed approximately \$1,494,100,000 of Regulatory Assets Under Management (as defined by the SEC) on a discretionary basis and does not manage any assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **Management Fees**

Each General Partner (other than the General Partner Debt Fund) is entitled to receive an annual management fee from its respective Fund (the "Management Fee"). The Management Fee is generally payable quarterly and is equal to 1.5% of aggregate commitments during the applicable Fund investment period and 1.5% of the capital contributions invested in assets, subject to certain reductions described in the applicable Fund's Limited Partnership Agreement thereafter.

The General Partner Debt Fund is entitled to receive an annual management fee from the Debt Fund (the "Debt Management Fee"). The Debt Management Fee is generally payable quarterly and is equal to 1.00% *per annum* of Debt Fund's net asset value attributable to the Limited Partners, subject to certain reductions described in the Debt Fund's Limited Partnership Agreement thereafter. Any references herein to a "Partnership Agreement" or "Fund Partnership Agreement" shall refer to the applicable Fund's (including the Debt Fund's) Limited Partnership Agreement.

The General Partner may be permitted to delegate all or part of its duties or services to the Adviser, any other adviser affiliates or any other party and cause the Fund to enter into a management contract with such party relating to such duties or services (which may provide for the payment of all or a portion of Management Fees or the Debt Management Fee, as applicable, directly to such party).

Affiliates of each General Partner and/or the Adviser may provide construction management, property management, leasing and legal services to each Fund and its subsidiaries. The fees for such services are subject to the provisions of the applicable Fund Partnership Agreement.

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### Carried Interest

In addition to the Management Fees or the Debt Management Fee, as applicable, each General Partner is entitled to receive a carried interest or “promote” (“Carried Interest”) from its respective Fund after such Fund’s limited partners have received a specified minimum return. Details of carried interest is described in detail in the applicable Fund Partnership Agreement.

Detailed descriptions of the manner in which the Management Fees and Debt Management Fee are calculated and Carried Interest is allocated are set forth in the applicable Fund Partnership Agreement.

### Other Expenses

Each General Partner shall pay/reimburse or cause its Fund to pay/reimburse Adviser for all costs and expenses incurred in performing the Fund Management Services, pursuant to each Fund’s respective Fund Partnership Agreement (other than certain overhead expenses).

The Adviser’s main offices in Philadelphia currently are located in a Keystone Opportunity Improvement Zone (a “KOZ”). The costs and expenses associated with KOZ qualification for a Fund and its subsidiaries, including the rent payable to lease or sublease space in the KOZ, shall be payable by the Fund or the applicable subsidiary. This year (2018), however, was the final year in which the Adviser’s main office will qualify as a KOZ and as such, there will not be any further allocation of rent or leasing or subleasing of the Adviser’s main office to a Fund or the applicable subsidiary.

Adviser (or its affiliates) is (are) also entitled to reimbursement for certain costs and expenses associated with advising TRCALP.

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

The General Partners each receive a Management Fee or Debt Management Fee, as applicable, and are entitled to Carried Interest as described in Item 5. The nature of these fees and of the Carried Interest is described in each Fund's respective Partnership Agreement. These Carried Interest arrangement may create an incentive for the Adviser to make more speculative investments. This could result in additional risks that would not be faced without such Carried Interest.

## **Item 7 – Types of Clients**

Adviser provides investment advisory services to each Fund and TRCALP, each a pooled investment vehicle.

The REITs have common and preferred interest holders. The value of each preferred interest is \$1,000. The offering materials provided to the preferred interest holders make clear that (i) the holders of the preferred interests will not be entitled to participate in or

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otherwise direct the management of the REIT, nor will such holders be entitled to participate in the appreciation of the value of the REIT; and (ii) all common interests of the REIT are wholly-owned by its respective Fund (with the exception of the Sub-REIT which includes outside investors).

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

The predominant investment strategy for each Fund is a focused approach to value-added or transitional real estate investment opportunities consisting of what the Adviser believes are or may become high quality, well located office assets with or that may attract high-credit and long-term tenancies primarily within the United States.

Adviser locates and identifies many of its investment opportunities through a network of industry relationships throughout all disciplines of the real estate industry. Once identified, Adviser implements an underwriting and analysis of the opportunity with reference to its particular property fundamentals, its market dynamics, its particular risks and the capital markets, to reach a determination of whether to further pursue the opportunity.

Investing in securities involves risk of loss that all investors should be prepared to bear. A comprehensive description of the material risks relating to each Fund's investment strategy and method of analysis is contained in the respective Fund's Private Placement Memorandum or constituent documents. The following is a summary of certain risks:

### **General Real Estate Risks**

Real property investments are subject to varying degrees of risk. Property cash flows and the marketability and value of real property are affected by a number of factors, many of which are beyond the control of the Adviser, including, without limitation:

- Changes in the general global, national or local economic climate;
- Local real estate conditions and effect on market demand;
- Fluctuating lease and occupancy rates;
- The quality and philosophy of property management;
- Competition from other properties;
- Change in the attractiveness and location of the properties;
- Changes in technology such as driverless cars affecting the desirability of certain properties;
- Change in the financial condition of tenants, buyers and sellers of properties;
- Quality of maintenance, insurance and management services;
- Changes in real estate taxes and other operating costs and expenses;
- Changes or promulgation and enforcement of government regulations (including those governing land use, improvements, zoning, environmental, occupational and safety matters and taxes);

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- Lack of availability of financing on acceptable or favorable terms for acquisition or refinancing;
  - Adverse environmental conditions;
  - Inaccurate estimates of the cost of renovations and capital improvements;
  - Cost overruns and construction delays; and
  - Natural disasters, acts of war or terrorism.

#### Risks Relating to Commercial Mortgage Loans

Commercial mortgage loans such as the mortgage loans in which the Debt Fund intends to invest have certain distinct risk characteristics, including, without limitation:

- Commercial mortgages are generally not fully amortizing, which means that they may have a significant principal balance or “balloon” payment due on maturity.
- Debt service associated with a commercial mortgage loan may be scheduled to increase during the term of a loan pursuant to an increase in the mortgage interest rate, the expiration of an interest-only period or otherwise, there can be no assurance that the net cash flow at the property will be sufficient to pay the additional debt service and, even if it is sufficient, the requirement to pay the additional debt service may reduce the cash flow available to the borrower to operate and maintain the mortgaged property.
- The frequency at which prepayments (both voluntary and involuntary) occur on the Debt Fund’s investments and the possibility of the Debt Fund’s investments being extended in duration will be affected by a variety of factors
- Certain (or many) of the collateral assets securing the investments may undertake construction, redevelopment, renovation or significant repair projects. There is an inherent risk in such investments that any current or planned construction, redevelopment, renovation or repairs will be completed, that such construction, redevelopment, renovation or repairs will be completed in the time frame contemplated, or that, when and if redevelopment or renovation is completed, such redevelopment or renovation will improve the operations at, or increase the value of, the subject property.
- The target investments will generally be subject to various creditor risks, including: (i) the possible invalidation of a target investment as a “fraudulent conveyance” under relevant creditors’ rights laws; (ii) so-called lender liability claims by the issuer of the obligations; and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. Additionally, adverse credit events with respect to any borrower to which the Fund (directly or indirectly) lends, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership or distressed exchange, can significantly diminish the value of the target investments with respect to any such borrower.
- 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.
- As a lender to the underlying property owner, the Fund will not be directly involved in the management and operation of the collateral property.



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- If the borrowers default on 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 Debt Fund may enter into interest rate swap agreements or pursue other hedging strategies. The Debt Fund's hedging activity will vary in scope based on the level and volatility of interest rates and other changing market conditions.

#### Mixed-Use Property Increases Risk Complexity

Investments in office properties that are part of a mixed-use property complex may involve risks not otherwise present. Such risks include: that the owner of the non-office properties may become bankrupt or may sell such properties; that a decline in the value of such non-office properties may negatively affect the value of the related office properties owned by each of the Funds; that obtaining zoning or other regulatory approvals with respect to the office properties may be affected by the status of regulatory approvals with respect to the non-office properties; that the existence, enforceability or non-existence of certain easements, rights, restrictions and/or covenants may affect the use of properties or cause the Funds to incur additional legal costs.

Additionally, all real estate and real-estate investments are subject to the risk that a general downturn in a foreign economy or the national or local economy within the United States will depress real estate prices.

Although Adviser will attempt to moderate these risks, no assurance can be given that the investment activities of a Fund advised by the Adviser will achieve the investment objectives of such Fund or avoid losses. Adviser cannot offer any guarantees or promises that a Fund's financial goals and objectives will be met. Past performance is in no way an indication of future performance. The information included in this Brochure does not include every potential risk associated with an investment strategy, technique or type of security applicable to a particular client account.

#### **Item 9 – Disciplinary Information**

Adviser is required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client's evaluation of Adviser or the integrity of Adviser's management. Adviser has no information applicable to this Item.

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

Neither Adviser nor any of its management persons are registered or have an application pending to register as a broker-dealer. One management person is a registered representative of a non-affiliated broker-dealer.

Neither Adviser nor any of its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

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The Adviser's affiliates act as General Partners to the Funds and are responsible for managing the business of the Funds, including the selection of the Adviser, Rubenstein Partners, L.P.

The Adviser does not recommend or select other investment advisers for the Funds.

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

Adviser has adopted, pursuant to SEC Rule 204A-1, a Code of Ethics designed to set forth the standards of business conduct and activities of its employees. The Code of Ethics also describes the methods used to detect and prevent conflicts of interest relating to personal trading by its access persons in an effort to ensure that the Adviser effects transactions for Clients in a manner that is consistent with its fiduciary duty to its Clients and in accordance with applicable law, rules and regulations. Adviser's access persons must comply with the provisions of the Code of Ethics with respect to their personal securities transactions. Adviser's Code of Ethics prohibits the misuse of material nonpublic information. Under the Code of Ethics, employees are subject to certain limitations regarding the receipt of gifts and entertainment. Employees are also subject to certain limitations regarding the giving of corporate gifts and other benefits to non-Adviser employees. Certain officers and employees of Adviser from time to time may engage in outside business activities but only after Adviser has determined that there is no conflict of interest. A copy of Adviser's Code of Ethics will be provided upon written request of any existing or prospective Client or investor of a Client.

### **Item 12 – Brokerage Practices**

The Adviser does not generally engage in the purchase and sale of publicly traded securities for Clients. In the event that the Adviser engages in the purchase or sale of publicly traded securities for a Client, the Adviser would consider a number of factors in selecting a broker-dealer, including:

- A broker's execution capabilities with respect to the relevant type of order;
- The commissions charged by a broker, which may be based on the size of the order, the price of the security, and whether the receipt of products or services is involved;
- The broker's reputation and responsiveness to requests for trade data and other financial information; and
- Other factors for determining best execution, which may include:
  - the amount of business with each broker-dealer and the justification for directing trades to those brokers-dealers, such as the quality of research provided by the broker-dealer;
  - the gross compensation paid to each broker-dealer;

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- the competitiveness of commission rates and spreads, including the documentation to support such competitiveness (*i.e.*, comparison of “standard” commission rates or “minimum” transaction costs between broker-dealers offering comparable products and services);
  - statistics or other information by independent consultants on the relative quality of executions/financial services by each broker-dealer;
  - the financial strength (net capital) of each broker-dealer, if relevant;
  - the broker-dealer’s ability to respond promptly to inquiries during volatile markets;
  - the value of privacy considerations, liquidity, price improvement, and lower commission rates on electronic communications networks; and
  - the overall responsiveness of the broker-dealer (*i.e.*, how well the broker-dealer serves the Adviser and its Clients).

The Adviser does not currently engage in any soft dollar arrangements. Accordingly, the Adviser does not consider the value of products, research and services provided by broker-dealers as a factor in selecting a broker-dealer.

Adviser does not aggregate the purchase or sale of securities for various Client accounts.

### **Item 13 – Review of Accounts**

Adviser’s management team regularly meets (typically on a weekly basis) to discuss and review each Fund’s activities, investments and potential investments. Furthermore, each of the Funds provides to its limited partners annual audited financial statements, quarterly unaudited financial statements and annual tax information necessary for each limited partner’s tax return. Also, each of the Funds holds an annual meeting of its limited partners at which the status of its investments is discussed.

Given TRCALP’s limited activity, Adviser’s personnel meet on an as-needed basis to review and assess TRCALP’s assets and activities.

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

Adviser has and may use placement agents, finders or other third parties in connection with fundraising on behalf of the Funds. Adviser agreements with a third party may compensate them for referring investors. A fee may be paid based on a percentage of commitments received.

### **Item 15 – Custody**

All Client and REIT Client assets are held at qualified custodians. Clients and REIT Clients may be subject to an annual audit and audited financial statements, prepared in accordance with generally accepted accounting principles, and are distributed to its investors within 120 days of the end of the Client’s or REIT Client’s fiscal year. The auditor

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is an independent public accountant registered with and subject to regular inspection by the Public Accounting Oversight Board.

Alternatively, Clients and REIT Client may be subject to a surprise audit. Client and REIT Client funds and securities are to be verified by actual examination by an independent public accountant at a time that is chosen by the accountant without prior notice or announcement.

#### **Item 16 – Investment Discretion**

Adviser has the authority to manage the Clients on a discretionary basis, subject to the investment guidelines and other terms contained in the constituent documents of each Client.

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

The Adviser has adopted proxy voting policies and procedures to address how Adviser will vote proxies, as applicable, for its Client's securities. The proxy voting policy seeks to ensure that Adviser votes proxies in the best interest of the Clients. Generally, Adviser will vote in accordance with the recommendations of the issuer's management with respect to routine matters, unless, in the opinion of the Founder and Senior Managing Principal, such recommendations are not in the best interest of the Client, in which case Adviser will vote in accordance with the Client's best interests, as determined by the Founder and Senior Managing Principal. In the case of any non-routine matter, Adviser will vote in accordance with the Client's best interests, as determined by the Founder and Senior Managing Principal.

In the case of any conflict of interest between Adviser and a Client with respect to proxy voting, Adviser's Chief Compliance Officer may engage an independent third-party, including outside counsel, to determine how the proxy should be voted, or may establish an ethical wall or other informational barrier between the persons that are involved in the potential conflict and the persons making the voting decision in order to insulate the potential conflict from the decision maker.

A copy of Adviser's proxy voting policy or information regarding how Adviser voted any proxies for a particular security will be provided upon written request of any Client or investor in a Client.

#### **Item 18 – Financial Information**

As a registered investment adviser, Adviser is required in this Item to provide its Clients with certain financial information or disclosures about its financial condition. Adviser has no financial condition that is reasonably likely to impair its ability to meet contractual and fiduciary commitments to its Clients, and has not been the subject of a bankruptcy petition. Adviser does not require prepayment of Client fees six months or more in advance.