

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
FORM ADV PART 2A: FIRM BROCHURE**

**PHOENIX PROPERTY INVESTORS LIMITED  
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**March 29, 2019**

**This brochure (the “Brochure”) provides information about the qualifications and business practices of Phoenix Property Investors Limited, an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). If you have any questions about the contents of this Brochure, please contact us at +1-345-949-8066 or +852-2589-3600. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.**

**Registration with the SEC does not imply a certain level of skill or training.**

**Additional Information about Phoenix Property Investors Limited is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2. MATERIAL CHANGES**

This Brochure is filed as the annual updating amendment to Phoenix Property Investors Limited's ("PPI") Form ADV Part 2A brochure dated March 31, 2018 (the "Prior Brochure"). There have been no material changes made to this Brochure since the Prior Brochure.

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#### **ITEM 4. ADVISORY BUSINESS**

Phoenix Property Investors Limited (“PPI”) is a Cayman Islands exempted company with limited liability. Established in 2002, PPI provides discretionary investment advisory and other services for certain real estate private equity funds, private investment companies and co-investment vehicles (the “Funds”), specializing in sourcing and managing real estate investments primarily throughout Asia. PPI currently has offices in Sydney, Australia; People’s Republic of China (“PRC”); Hong Kong SAR, PRC; Seoul, Korea; Taipei, Taiwan; Singapore; and Tokyo, Japan. PPI’s principal owners are Samuel W.T. Chu and Benjamin K.Y. Lee.

As described in more detail in Item 8, PPI’s investment strategy focuses on three key components: (i) market and sector selection; (ii) value discovery; and (iii) value creation. Generally, PPI, on behalf of the Funds, seeks to identify real estate investments in income-producing assets, properties where repositioning and redevelopment initiatives can be instituted and/or in development and debt financing opportunities in the residential, retail, office and commercial sectors throughout Asia, primarily in Greater China, Japan and Australia. When selecting and managing investments for the Funds, PPI is subject to the investment guidelines and restrictions included in the private placement memorandum, offering documents and/or organizational documents of the relevant Fund (collectively, the “Fund Documents”). The Funds are typically formed as limited partnerships with affiliate(s) of PPI acting as the investment adviser of the Funds. However, they can also take the form of a private investment company or co-investment vehicle with PPI acting as an investment adviser.

As of December 31, 2018, PPI’s total assets under management on behalf of its clients and Fund investors were approximately US\$5.68 billion. Assets under management include current uncalled commitments to invest capital with PPI plus the gross value of our current investments.

PPI is registered as an excluded person under the Securities Investment Business Law (as Revised) of the Cayman Islands (“SIBL”). Although PPI is registered with the Cayman Islands Monetary Authority pursuant to SIBL, its activities are not subject to ongoing regulation by the Cayman Islands Monetary Authority.

Also, notwithstanding PPI’s registration as an investment adviser with the United States Securities and Exchange Commission (“SEC”), in accordance with prevailing SEC interpretive guidance, it is not required to comply and does not comply with many of the substantive provisions of the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”), with respect to its non-U.S. advisory clients.

## **ITEM 5. FEES AND COMPENSATION**

### **Fees in General**

Investors and prospective investors in the Funds should refer to the Fund Documents for each Fund for a detailed description of the fee structure. Certain fees may be negotiated on a case-by-case basis. In addition, PPI or its affiliates, may in their sole discretion, waive or reduce the fees to be paid by any investor, including investors that are principals, employees or affiliates of PPI and for certain large or strategic investors.

### **Management Fees**

Generally, PPI or its affiliates receive a management fee based on a percentage of the relevant Fund's aggregate capital commitments during the investment period, and based on invested capital thereafter. For certain Funds, management fees are based on a percentage of the relevant Fund's aggregate capital commitments throughout the term of such Fund. Management fees will be charged quarterly in advance. Management fees are paid by Fund investors via capital calls and are not deducted from the Funds or the accounts of its investors.

### **Project Management Fee**

Generally, PPI or its affiliates receive a project management fee (the "Project Management Fee"), equal to 5% of the "hard construction costs" associated with property development activities undertaken by the relevant Fund. Hard construction costs include without limitation: demolition costs of any existing building and structures prior to development, construction costs of the substructure and superstructure of a building or buildings of the development, interior fitting, furnishing and equipment costs of the buildings, exterior landscaping costs of the development and construction costs of any road and facilities for the purposes of the development. Hard construction costs do not include professional and consultant fees with respect to a development.

The Project Management Fee is payable quarterly in advance once the project's construction costs can be reasonably determined. Excess Project Management Fees paid (if any) are refunded once the construction period is completed. In the event that the management of a particular project held by a Fund is shared with a third party, the Project Management Fee will be apportioned pro rata to the parties' respective involvement in such project.

### **Portfolio Fee**

For certain Funds, PPI or its affiliates receive a portfolio asset management fee (the "Portfolio Fee") throughout the term of the relevant Fund based on a percentage of the gross asset value of unrealized investments. The Portfolio Fee will be charged quarterly in advance, with the initial Portfolio Fee for each investment prorated for the period from the date of execution of the applicable definitive agreement and, thereafter, calculated on the gross asset value of such investment as determined for each subsequent quarterly period. Upon the disposition of an investment, the Portfolio Fee with respect to such investment will be refunded pro rata for the remaining quarterly period. The Portfolio Fee may be shared between (i) PPI or its affiliates and (ii) any third party co-developers.

### Investment Expenses

PPI and its affiliates generally are paid or reimbursed by the Funds for investment expenses, including, but not limited to (i) deal initiation expenses and professional expenses incurred in connection with proposed investments (including, but not limited to, those of accountants, lawyers, brokers, advisors, valuers and consultants); (ii) out-of-pocket expenses, including, but not limited to, all expenses incurred in connection with the origination, making, holding, monitoring, sale or proposed sale of investments, litigation or other expenses; (iii) any other direct expenses incurred in connection with the investments; (iv) Portfolio Fees, if applicable; and (v) costs and expenses associated with site assemblage services.

For certain Funds, site assemblage and related services with respect to investments may be conducted by or through third party service providers.

### Fund Expenses

Each Fund also is generally responsible for a variety of expenses not related to investments, including but not limited to, “Accounting Fees” or “Loan Service Fee” (as described below), unconsummated deal costs, all routine administrative expenses of the Fund, extraordinary expenses, insurance and indemnity expenses, liquidation expenses, the cost of the preparation of the quarterly and annual reports, annual audits, financial and tax reports, the cost of maintaining accounts and other records, cash management expenses, legal expenses, and expenses incurred in the Fund’s borrowings.

The general partner of a Fund or its affiliates is entitled to either an “Accounting Fee” or “Loan Service Fee” in connection with the provision of certain fund administration services, company secretarial services, accounting and bookkeeping services, monitoring, recording and processing payments of loan fees, interest, and principal (applicable to “Loan Service Fee” only) and other transaction support services to the relevant Fund or in connection with an investment. The Accounting Fee and Loan Service Fee are based on a percentage of the Fund’s aggregate capital commitments throughout the term of the relevant Fund and are paid in accordance with its relevant Fund Document.

In addition, PPI and its affiliates from time to time incur expenses related to meetings such as PPIL’s annual general meeting and bi-annual visits with investors at their offices. The purpose of these meetings is to update them on (amongst other things) their investments and market developments. The above expenses include transportation, accommodation, and meals/messing.

Please note that the above list of expenses is not intended to be exhaustive and are provided for illustrative purpose. Any expenses and fees charged to the Funds shall be allocated on a pro rata basis in a manner that the General Partner believes is fair and reasonable and in compliance with PPIL’s expense allocation policies and procedures. The General Partner may take corrective allocations of expenses and fees should the General Partner of the Funds determine that such corrections are necessary or advisable.

### Other

Each Fund will also bear its organizational expenses and other expenses of its associated offering. Such expenses will generally be capped pursuant to the Fund Documents of the relevant Fund.

Independent property managers may be retained to provide real estate management services to the Funds. The fees relating to such property managers will be borne by the relevant Fund to which the services relate.

PPI and the general partners of the Funds will bear its own general overhead expenses in connection with providing services to the Funds.

Neither PPI nor any of its supervised persons receive or accept compensation for the sale of its investment products.

## **ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Certain affiliates of PPI may have the ability to earn performance-based fees from the Funds based on carried interest arrangements as set forth in the relevant Fund Documents. General partners of such Funds and/or other PPI affiliates also invest in the funds as partners (the “Carried Interest Partners”). Under this arrangement, the Carried Interest Partner of each Fund may receive a fixed proportion of the distributions from the disposition of proceeds remaining at the end of a Fund’s waterfall calculations as set forth in its relevant Fund Document.

Investors and prospective investors in the Funds should be aware that such an arrangement may create an incentive for PPI to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. To address this potential conflict of interest, PPI’s policies and procedures are structured in a manner to mitigate such risk and to increase transparency in the investment process. This approach includes:

1. Disclosing the existence of material conflicts of interest to an advisory board for each Fund comprised of key investors of such Fund.
2. Fund Documents contain investment goals and restrictions. Any investment that does not conform to such goals or restrictions will generally not be acquired by that Fund without specific exception given by the Fund’s investors.

Investors and prospective investors in the Funds should understand PPI’s “carried interest” arrangement and its risks prior to making an investment in a Fund. The “carried interest” arrangements are charged in accordance with applicable exceptions in SEC Rule 205-3 under the Advisers Act.

Under certain situations, PPI and/or its affiliates or personnel may be permitted to make investments on a side by side basis with a Fund. Any such investment must be on terms no more favorable than the terms applicable to the relevant Fund’s investment and must be pre-approved by PPI’s senior management.



## **ITEM 7. TYPES OF CLIENTS**

PPI provides discretionary investment advisory and other services to the Funds. The investors in the Funds may include, without limitation, global corporations, endowments, foundations, trusts, estates, high net worth individuals and/or pension and profit sharing plans. The minimum investment amount varies for each Fund and is generally set at \$2 million, subject to PPI's or its affiliate's approval.

Each investor in the Funds must meet certain eligibility criteria. Fund interests are generally only offered to (i) U.S. investors who are (a) "accredited investors" within the meaning of Regulation D of the U.S. Securities Act of 1933, as amended, and (b) "qualified purchasers" within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended, and (ii) non-U.S. Investors.

PPI may also provide investment management and supervisory services to other investors. Generally, these investors co-invest in existing or future PPI-advised funds or co-investments.

The general partners of the Funds may enter into a side letter or other similar agreement ("Side Letter") with a Fund investor without any further act, approval or vote of any other investor. Such Side Letters may have the effect of establishing rights under or altering or supplementing the terms of the respective governing documents of the relevant Fund with respect to such investor in a manner more favorable than those applicable to other investors.

## **ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Investment Strategies and Methods of Analysis**

PPI provides investment advisory services with respect to real estate and real estate related investments. The Funds typically invest in a diversified portfolio of real estate and real estate assets, including residential, retail, office and commercial properties. With a focus on Asia, PPI approaches these geographies and sectors strategically based on its evolving market view, which is predicated on thorough and continual analysis of market- and deal-specific fundamentals.

The Funds' investments may take the form of direct investments in physical assets, investments in debt or equity of a corporation, partnership, trust, limited liability company or other entities, or any other asset or group of assets including privately structured securities or non-performing loans where the underlying basis and/or collateral is real estate. The Funds may also co-invest in real estate projects with other real estate operators and may enter into real estate development projects as a financial investor. More specifically, as a result of prevailing market conditions in Asia, PPI may consider investments in offshore vehicles of Asian developers through alternative financing channels, such as mezzanine debt and convertible securities, which PPI believes present attractive opportunities to capitalize on shifting market trends.

PPI takes an institutional approach to its investment process and its operations manual includes detailed: (i) procedures for screening and approving investments; (ii) guidelines for sourcing and selecting contractors and service providers; (iii) policies relating to the internal management of investments and the collaborative process between PPI's investment, project/asset management and finance teams and (iv) processes governing all of PPI's internal teams, including investment, project / asset management, finance, operations and administrative support.

PPI seeks to generate value through value discovery and/or value-creation initiatives. To that end, PPI deploys an investment strategy consisting of three components: (i) market and sector selection, (ii) value discovery and (iii) value creation. Each is described in turn below.

#### *Market and Sector Selection*

PPI continually evaluates and reassesses the markets in which it operates in order to determine those geographies, sectors and investment themes that present the opportunity to generate attractive relative returns on a risk-adjusted basis. Opportunities can result from secular changes in wealth, social mobility and demographics, as well as from cyclical changes reflecting investment sentiment and capital flows. Based on PPI's local presence and established network of strategic relationships, PPI believes it can effectively identify and capitalize on compelling investment opportunities that arise as a result of changes in wealth, social mobility and demographics. Further, shifting market conditions, investment sentiment and capital flows can often support early entrance opportunities in recovering markets.

#### *Value Discovery*

PPI's ability to identify market mispricing depends critically on its in-depth market knowledge and local presence. PPI makes decisions quickly, efficiently and transparently whenever

possible, which can lead to attractive opportunities that it can capitalize on that are not widely marketed or arise suddenly. PPI also continues to use its “site assemblage” strategy to maximize value at the asset level. Due to scarce supply of developable land and fragmented property ownership in certain target markets, large scale properties acquired as a single asset are not typically available to real estate investors and/or developers. This situation presents a significant opportunity for well-positioned players, such as PPI, to acquire, aggregate and package individually titled assets into single large assets, which have the potential to create significant value.

### *Value Creation*

PPI evaluates possibilities for post-acquisition value creation strategies, which are initiated at the property level, and involve investing in assets that would benefit from property improvements, strategic repositioning, redevelopment/development activities, aggregation with other assets into larger, more attractively positioned portfolios, tenancy (re)configuration and/or rent stabilization. PPI seeks opportunities in which the application of value-added strategies may lead to attractive returns. Historically, PPI has used the following value-creation techniques for its investments: property improvements; redevelopment and development; strategic repositioning and tenancy (re)configuration and rent stabilization.

### Certain Risks

Investments in the Funds entail a variety of risks. These risks should be undertaken only by investors capable of evaluating and bearing them. Discussed below are some, but not all risks, associated with investing in the Funds. For a more detailed disclosure of the potential risk factors associated with investing in a particular Fund, investors and prospective investors should refer to the risk factors listed in the relevant Fund Documents, together with all of the other information included therein.

### *Risk of Loss*

There can be no assurance that the Funds will be able to make and/or realize any particular investment or that the Funds will be able to generate returns for their investors. In addition, there can be no assurance that any investor will receive any distribution from a Fund. Investing in the Funds involves risk of total loss that clients should be prepared to bear. Investors are advised to pay careful attention to the sections of the relevant Fund Documents that discuss risk factors, conflicts of interest and other investment considerations. In addition, investors and prospective investors are encouraged to seek their own individual legal and tax advice regarding an investment in a Fund before making an investment decision.

### *Risks Related to Real Estate Investments*

Investments in real estate will be subject to risks incidental to the ownership and operation of real estate, including risks associated with the general economic climate, local real estate conditions, geographic or market concentration, physical damage or destruction by natural catastrophes or otherwise (including acts of terrorism), environmental claims arising from investments with undisclosed or unknown environmental problems, the ability to manage real estate properties, government regulations and zoning laws, and fluctuations in interest rates. The

development and construction of real estate assets is also subject to timing, budgeting and other risks that may adversely affect a Fund's operating results. Any renovation, redevelopment, development and related construction activities could subject a Fund to a number of risks. Investment properties may also have design, construction, environmental or other defects or problems that may require additional capital expenditure, special repair or maintenance expenses or other obligations to third parties, other than those disclosed in the relevant Fund Documents, despite the due diligence investigations prior to acquisitions by such Fund.

#### *Risks Associated with Investments in REITs*

A Fund may invest in real estate investment trust ("REIT") securities or securities issued by entities under comparable regimes. Such investments involve risks relating to the particular REIT issuer of the securities, including the financial condition and business prospects of the issuer. REITs generally are required to invest a substantial portion of their assets in operating real estate or real estate-related assets, and therefore are subject to the inherent risks associated with real estate-related investments described in the relevant Fund Documents. REIT securities are generally unsecured and may also be subordinated to other obligations of the issuer. A Fund may also invest in REIT securities that are rated below investment grade. The performance of a REIT may be affected by its failure to qualify as a REIT under applicable law, in which case it may become subject to additional taxation or other penalties, which may reduce earnings available for distribution.

#### *Non-Controlling Investments*

In certain situations, a Fund may only acquire a minority interest in a company or property in which it invests, may rely on independent third-party management or strategic partners with respect to the operation of a company or property in which it invests, or may only acquire a participation in a property 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 having 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 relevant Fund or may be in a position to take action contrary to the Fund's investment objectives.

#### *Competitive Market for Investment Opportunities*

The activities of identifying, completing and realizing suitable investments are highly competitive. PPI will be competing for investments against other equity funds, strategic buyers and other institutional investors. Other investors may make competing offers for investment opportunities that are identified, and consummating a transaction is subject to innumerable uncertainties, only some of which are foreseeable or within the control of PPI. In addition, competition for investments may reduce returns. There can be no assurance that PPI will be able to locate, complete and exit investments that satisfy a Fund's performance objectives, realize upon their values, or fully invest a Fund's committed capital.

### *Limited Number of Investments*

PPI may intend for a Fund to participate in a limited number of investments and, as a consequence, the aggregate return of such Fund may be adversely affected by the unfavorable performance of even a single investment. Although PPI tries to diversify each Fund's portfolio to the extent reasonably possible within the confines of its investment strategy, the inability to do so could adversely affect the performance of a Fund. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may make fewer investments and thus be less diversified.

### *Leverage*

Investments in which the Funds invest will typically have leveraged capital structures. Use of leverage may increase the exposure to adverse economic factors such as significantly rising interest rates, downturns in the economy or deterioration in the condition of any given investment or its industry. In the event an investment made by a Fund is unable to meet principal and interest payments on its third-party indebtedness, the value of such investment could be significantly reduced or even eliminated.

In addition, a Fund's ability to achieve attractive rates of return will depend in part on its ability to access sufficient sources of indebtedness for its investments at attractive rates and terms. Reduced availability, an increase in interest rates and/or other tightening of terms associated with indebtedness available to a Fund may make it more expensive to finance its investments and could make it more difficult for a Fund to compete for suitable investment opportunities.

### *Reliance on Other Management*

The day-to-day operations of each investment made by a Fund will be the responsibility of such investment's management team. Although PPI and/or its affiliates will monitor the performance of each Fund's investments and will screen for and, if necessary, recruit capable management, there can be no assurance that the management team of an investment will be able to operate in accordance with PPI's customary expectations.

### *Bridge Loans*

From time to time, a Fund may lend to its investments a short-term loan on an unsecured or secured basis or otherwise borrow on an interim basis in anticipation of a future issuance of equity or debt securities or other refinancing or syndication. Such loans may be convertible into a more permanent, long-term security; however, for reasons not always under a Fund's control, such long-term securities issuance or other refinancing or syndication may not occur and such loans and interim investment may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by such Fund.

Investing in bridge loans (or mezzanine debt) involves risks that range from the more general risks of fixed income investments to those specific to the characteristics of mezzanine debt. Similar to other debt instruments, there is a risk of issuer default, but such risk is compounded by the fact that companies utilizing mezzanine debt may be more apt to having a highly leveraged

balance sheet. Additionally, mezzanine debt may be extended to companies that have fewer capital-raising alternatives due to (amongst other reasons) the fact that many of such companies are widely considered to be below investment grade. In the event of default, recovery may be low because mezzanine debt claims may be subordinated to more senior debt.

### *Concentration*

Because a Fund will typically have the ability to concentrate its investments by investing up to 30% of its aggregate capital commitments in a single investment under certain circumstances, the overall adverse impact on a Fund of adverse performance of a single investment will be greater than if such fund did not engage in such practice.

### *Follow-On Investments*

A Fund may be called upon to provide follow-on funding for its existing investments or have the opportunity to increase its investments in relation thereto. There can be no assurance that a Fund will have sufficient capital to do so. Any decision not to make follow-on investments or the inability to make them may have a substantial negative impact on an investment or may diminish a Fund's proportionate ownership in such investment and thus its ability to influence such investment's future development.

### *Non-U.S. Investments*

The Funds' investments generally operate or are organized outside of the United States. Such investments will involve risks not typically associated with investments in U.S. companies and may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of such fund), the application of complex tax rules to cross-border investments, and the potential lack of a legal mechanism for the adjudication of contractual disputes and enforcement of judicial decisions. The foregoing factors may increase transaction costs, adversely impact the value of a Fund's investments and otherwise reduce returns to an investor.

### *Emerging Market Risks*

Investors should consider a number of risks associated with investments made by a Fund in emerging market countries. The economies of individual emerging countries may differ from those of developed countries in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency, and balance of payments position. Governments of many emerging markets countries have exercised and continue to exercise substantial influence over many aspects of the private sector. With respect to any emerging market country, there is the possibility of nationalization, expropriation or confiscatory taxation, political changes, government regulation, economic or social instability, or diplomatic developments (including war or civil unrest) which could adversely affect the economies of such countries or the value of Fund investments in those countries.

Some emerging market countries have laws and regulations that currently limit or preclude direct foreign investment in real estate or the securities of their companies or include prior government

approval for foreign investments. Many emerging markets do not have developed legal frameworks, well-developed shareholder rights or adequate legal remedies for breaches (and enforcement) of contract. In terms of transparency, companies in emerging market countries are not generally subject to uniform accounting, auditing and financial reporting standards, practices and disclosure requirements comparable to those of the United States. Accordingly, a Fund's ability to conduct due diligence in connection with its investment and to monitor the investment may be adversely affected by these factors.

#### *Corruption and Security*

Corruption may be prevalent in some emerging market countries. PPI and its affiliates intend to use diligent efforts to avoid participating in inappropriate transactions, however, corruption, including extortion and fraud, may pose a risk to businesses in such emerging market countries. Threats or incidents of corruption may force a Fund to cease or alter certain activities or to liquidate certain investments prior to the time when it would otherwise liquidate such investments to achieve optimal returns, which may cause losses or have other negative impacts on the relevant Fund or its investments.

#### *Contingent Liabilities on Disposition of Investments*

In connection with the disposition of an investment, a Fund may be required to make representations typical of those made in connection with the sale of a business and may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the incurrence of contingent liabilities, which might ultimately have to be funded by investors of that particular fund to the extent of their unpaid capital commitments to such fund or through the return by investors of certain prior distributions.

#### *Forward-Looking Statements*

This brochure contains "forward-looking statements" as that term is used in certain securities laws. In some cases, forward-looking statements can be identified by terminology such as "anticipates", "believes", "estimates", "seeks", "expects", "plans", "will", "intends" and similar expressions. Although PPI believes that the expectations reflected in those forward-looking statements are reasonable, and has based those statements on the beliefs of, and assumptions made by, PPI, such expectations may prove to be incorrect.

**ITEM 9. DISCIPLINARY INFORMATION**

PPI and its management personnel have no disciplinary information applicable to this Item 9 to disclose.



## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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

PPI serves as the investment adviser to the Funds and its affiliates serve as the general partner (or in a similar capacity) to the Funds. In some cases, PPI and its related persons invest their own funds in the Funds or as side by side investments and, therefore, may hold the same or similar partnership interest as other investors in the Funds. Investments in the Funds made by such parties may not be subject to management fees or performance-based fees.

Certain PPI personnel may spend substantially all of their business time on one or more of the Funds as required pursuant to the terms under the relevant Fund Documents.

In addition, PPI, its affiliates and their respective employees may serve as advisers, directors, members of credit committees or, less frequently, officers for investments made by a Fund, or provide other services to such investments. As a result of such roles and in connection with investment activities, employees may also from time to time be given access to confidential information relating to the assets in which the Funds invest. As a result, certain Funds may, under certain circumstances, be prohibited for periods of time from engaging in transactions with such an investment, which prohibition may have an adverse effect on Fund investors.

## **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

In performing its obligations to its clients and investors, PPI strives to conduct its business with the highest ethical standards and adheres to a strict policy of compliance with all applicable laws, regulations and compliance standards. As such, PPI has adopted a Code of Ethics (“Code”) designed to address and prevent potential conflicts of interest as required under SEC Rule 204A-1 of the Advisers Act. PPI’s Code governs the actions of our employees and seeks to promote an ethical and compliance-oriented environment. In addition, the Code also contains policies which address key areas such as standards of conduct, compliance with laws, rules and regulations and participation in outside business activities. The Code also prohibits employees from using any material non-public information PPI may obtain in a personal or professional capacity.

The Code is designed to ensure that the personal securities transactions, activities and interests of the employees of PPI will not materially interfere with (i) making decisions in the best interest of its clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. PPI will maintain a restricted list containing the names of securities and investments which employees are generally prohibited from trading or making. In addition, the Code requires pre-clearance of certain transactions. Employee trading and investing is required to be reported to the Chief Compliance Officer to enable him to reasonably detect and prevent conflicts of interest between PPI and its clients. Employees who violate the Code or PPI’s compliance manual are subject to disciplinary action including, but not limited to, written warnings and termination of employment. PPI will provide a copy of its Code to any client or prospective clients upon request.

PPI provides discretionary investment advisory and other services to the Funds. PPI, its affiliates and their respective directors, managers, members, shareholders, officers, agents and employees (“PPI Persons”) may also act as manager, advisor or sponsor for other clients and may give advice, and take actions, with respect to any of those clients that may differ from the advice given, or the timing or nature of action taken, with respect to a particular Fund.

Any of the PPI Persons may deal, as principal or agent, with the Funds; provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm’s-length basis. For example, a Fund may invest in certain real estate assets that have been developed, promoted and/or sold by PPI Persons or persons related to them, or by entities in which such related or connected persons are interested. Such Fund will only acquire such assets if the investment is believed to be principally for the benefit of such Fund. Such dealings, when done on a principal basis, also may require specific consents on behalf of a Fund either under the Fund’s terms or applicable legal principles. In addition, the Fund may sell, exchange, transfer or otherwise dispose of all or any portion of an investment to one or more investors in a Fund.

Where PPI is managing or advising other funds with similar investment policies of a particular Fund, PPI will ensure that appropriate investment opportunities are allocated on a fair and equitable basis between such Fund and such other funds.

## **ITEM 12. BROKERAGE PRACTICES**

Investment advisory services provided by PPI are generally comprised of real estate related investment advisory services. Accordingly, PPI typically does not utilize securities broker-dealers in connection with client transactions.

From time to time, PPI will engage third party real estate agents for certain investments. When selecting real estate agents, PPI considers an agent's local market knowledge, asset class expertise, market reach and visibility, fee, and other factors specific to the agent and property, directed to effect the most favorable transaction in consideration of the totality of the circumstances. The fees of real estate agents vary, and will generally be borne by the relevant Fund to which the investment relates.

### **ITEM 13. REVIEW OF ACCOUNTS**

PPI senior investment personnel monitor Fund investments on a regular basis, including their management and financial performance.

Fund investors receive periodic reports (typically quarterly and annually) consistent with the requirements set forth under the Fund Documents. Audited annual reports of each Fund generally incorporate valuations of Fund investments. As a general policy, 50% of investments are valued by the affiliates of PPI and the remaining 50% of investments are valued by an independent third party on a rotating annual basis, subject to specific circumstances (such as contractual requirements, investors' consent or regulatory requirements) in which the proportion of investments valued by affiliates of PPI and independent third party may vary. The Funds typically follow International Financial Reporting Standards. In addition, investor meetings are generally held annually to discuss the performance of a Fund's investments and other matters.

#### **ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION**

From time to time, PPI engages the services of placement agents to assist PPI in securing investors for its Funds. Compensation received by a placement agent may present a conflict of interest for the placement agent. Compensation is generally based on a percentage of the investments made by those investors introduced by a placement agent. Such compensation will generally be paid by the general partner of a Fund or an affiliate thereof.

**ITEM 15. CUSTODY**

Each Fund is considered to be a non-U.S. advisory client to PPI. Accordingly, PPI is not required to comply with the “Custody Rule” provided under the Advisers Act.

## **ITEM 16. INVESTMENT DISCRETION**

PPI has complete discretionary authority over the management and conduct of the affairs of the Funds for which it provides advisory services. PPI is responsible for, and has the authority to, identify, acquire, operate, manage, finance and sell investments on behalf of each Fund. Other responsibilities include, but are not limited to, determining investment strategy, conducting research and portfolio management. When selecting and managing investments for the Funds, however, PPI is subject to the investment guidelines and restrictions included in the Fund Documents of each Fund.

Before it assumes this authority, PPI enters into an investment management or similar agreement with each client establishing the authority and specifying any limitations on such authority.

## **ITEM 17. VOTING CLIENT SECURITIES**

PPI provides investment advisory services with respect to real estate and real estate related investments and typically does not hold securities for which proxy voting is required.



## **ITEM 18. FINANCIAL INFORMATION**

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

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