



**Bentall
Kennedy**

Bentall Kennedy (U.S.) Limited Partnership Disclosure Brochure

Form ADV Part 2a

March 31, 2015

The information contained within this document is intended to provide clients and prospective clients' information about the qualifications and business practices of Bentall Kennedy (U.S.) Limited Partnership. 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. If you have any questions about the contents of this Brochure, please contact us at the telephone number listed below.

Bentall Kennedy (U.S.) Limited Partnership is an SEC Registered Investment Adviser; however registration does not imply a certain level of skill or training.

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Additional information about Bentall Kennedy (U.S.) Limited Partnership is also available on the SEC's website at: www.adviserinfo.sec.gov

Item 2 - Material Changes

There are no material changes that have been made to this brochure since it was last filed on March 31, 2014 that may be relevant to any clients or prospective clients about the qualifications and business practices of Bentall Kennedy (U.S.) Limited Partnership ("Bentall Kennedy").

Item 3 - Table of Contents

Item 2 - Material Changes	2
Item 3 - Table of Contents	3
Item 4 - Advisory Business	4
Item 5 - Fees and Compensation	4
Item 6 - Performance-Based Fees and Side by Side Management	5
Item 7 - Types of Clients	5
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9 - Disciplinary Information	8
Item 10 - Other Financial Industry Activities and Affiliations	9
Item 11 - Code of Conduct, Participation or Interest in Client Transactions and Personal Trading	9
Item 12 - Brokerage Practices	9
Item 13 - Review of Accounts	10
Item 14 - Client Referrals and Other Compensation	10
Item 15 - Custody	10
Item 16 - Investment Discretion	11
Item 17 - Voting Client Securities	11
Item 18 - Financial Information	11

Item 4 - Advisory Business

Bentall Kennedy (U.S.) Limited Partnership (“Bentall Kennedy”) is a full-service registered real estate investment advisor. We counsel our clients on their direct investments in office, industrial, retail, multi-family residential and hospitality real estate throughout the United States.

Bentall Kennedy’s services are limited to real estate investment management and it is not involved in trading securities. Our asset management specialists leverage Bentall Kennedy’s extensive real estate knowledge to create focused portfolios that meet the specific requirements of each of our clients. Bentall Kennedy acts as a real estate investment advisor for a select number of public, corporate and Taft-Hartley retirement systems, as well as major university endowments and sovereign wealth funds.

Bentall Kennedy is privately owned indirectly in thirds by a group of individuals in senior management and two of North America’s largest institutional investors, the California Public Employees Retirement System (“CalPERS”) and the British Columbia Investment Management Corporation (“bcIMC”).

As of December 31, 2014, Bentall Kennedy had \$9.1 billion in assets under management. 9.1% of the assets are managed on a discretionary basis and 90.9% are managed on a non-discretionary basis. Bentall Kennedy was founded in Seattle, Washington in 1978.

Item 5 - Fees and Compensation

This brochure will be delivered only to “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940. As such, Bentall Kennedy is not required to provide fee and compensation details in this brochure.

Bentall Kennedy does deduct its fees in accordance with our client advisory agreements from the client assets under our control on a monthly or quarterly basis. Individual arrangements for settling fees for services provided can be negotiated and tailored for each individual client.

Bentall Kennedy does not require the prepayment of fees from its clients for the real estate advisory service provided. Where included in a specific client’s agreement regarding our compensation, Bentall Kennedy will earn fees from the client for the sale of real estate assets under its management. In order to manage conflicts of interest and ensure Bentall Kennedy’s fiduciary obligations are met when making disposition recommendations, all investment decisions are approved by a formal Investment Committee in accordance with an established Conflict Policy.

This Investment Committee membership is made up of senior management of the organization and provides strategic oversight, governance oversight, and formal internal authority. Some client mandates retain discretion and require that Bentall Kennedy formally seek approval for all major transactions from authorized representatives of the client in addition to approval from the Investment Committee.

For a more detailed description of the Investment Committee, please see **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.**

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

Bentall Kennedy provides real estate investment advisory services and is remunerated through a number of fee structures which can include participation in capital appreciation of the assets under management. These structures can also include fees based upon a percentage of revenue streams generated by the real estate assets within the client portfolios. Our formal Conflict Policy and related procedures address situations where there may be investment conflicts between two or more clients with differing fee structures.

The key element of our governance structure to address these potential conflicts is our Investment Committee. The Investment Committee membership is made up of senior management of the organization and its mandate is to provide strategic oversight, governance oversight, and formal internal authority for all investment transactions entered into on behalf of Bentall Kennedy's clients. This committee will review all major investment activity and ensure that Bentall Kennedy has met its fiduciary obligations and has served the best interests of our clients.

For a more detailed description of the Investment Committee, please see **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**.

Item 7 - Types of Clients

Bentall Kennedy acts as a real estate investment advisor for a select number of institutional investors, such as public, corporate and Taft-Hartley retirement systems, endowments and sovereign wealth funds.

Bentall Kennedy has no set minimum account size for which it is prepared to establish for its clients. It typically seeks clients capable of allocating more than \$50.0 million to their Bentall Kennedy account.

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

Bentall Kennedy formulates real estate investment strategies that fit the specific investment goals and risk tolerances of our individual clients. Bentall Kennedy as a professional real estate adviser will work to deliver proper risk-adjusted real estate investment returns.

The institutional real estate investment industry is tracked by a number of published return benchmarks that include those posted by National Council of Real Estate Investment Fiduciaries ("NCREIF"). These benchmarks provide data on risk-adjusted returns for various types of real estate investments achieved by active market participants. This data allows Bentall Kennedy and its clients the opportunity to discuss the strategies to be deployed and provides some meaningful context when discussing performance expectations and those actually achieved.

Bentall Kennedy evaluates each investment opportunity based on an analysis of the property and the local market, and the client's objectives, target allocations and risk tolerance. Investment decisions are approved by Bentall Kennedy's Investment Committee.

The Investment Committee will allocate all potential investments to clients based upon criteria established in client investment management agreements. Where multiple clients may potentially qualify for the same investment, the Investment Committee will follow Bentall Kennedy's Conflict Policy to allocate that investment to a client.

Real estate investment presents exposure to a number of risks. To mitigate these risks, our clients' real estate portfolios are analyzed and regularly reviewed by Bentall Kennedy based on the following criteria:

- Property type diversification
- Geographic diversification
- Property age and type
- Vacancy and lease expiry
- Financial strength and exposure to major tenants
- Exposure to major industry sub-groups
- Leverage exposure, maturity and interest rates
- Development and construction costs
- Environmental
- Market conditions

Risk Type	Risk	Mitigation Strategies
Property Type Diversification	Yields from the various property sectors (i.e. office, industrial, retail and residential) will vary over the real estate cycle. Unbalanced exposure to a specific sector could present additional risk.	Portfolio management will implement a level of property diversification that will mitigate this form of risk.
Geographic Diversification	Not all geographic regions have similar economic foundations. They are impacted by different economic drivers. Unbalanced exposure to a specific geographic region could present additional risk.	A real estate investment portfolio should have some level of geographic diversification to mitigate this form of risk.
Property Age and Type	Generally, older properties are less likely to be functional, well-located and close to modern transportation networks and they will often require more capital upgrades in the near future. Reduced functionality will hamper leasing efforts and capital upgrades will reduce real estate investment returns.	All real estate investment portfolios should be analyzed by property age and type. A diversified portfolio will consist of the targeted mix of age and types of properties. Thorough due diligence will be conducted as part of the acquisition process to assess an asset's characteristics and future capital requirements.
Vacancy and Lease Expiry	A diversified real estate investment portfolio should not have a significant	Bentall Kennedy monitors the lease expiry profiles of each property and then

Risk Type	Risk	Mitigation Strategies
	<p>portion of the leases (by area) expiring in any one period.</p> <p>Increased vacancy in a building or real estate portfolio could significantly reduce cash flow or require a cash outlay from the investor.</p> <p>Disproportionate expiries could expose the portfolio to market risk during low points in the business cycle.</p>	<p>aggregates them into the portfolio analysis.</p> <p>Bentall Kennedy will develop future leasing strategies to mitigate this risk.</p>
Financial Strength and Exposure to Major Tenants	<p>The tenant profile of an asset or real estate portfolio may present significant dependence and exposure to one large tenant or exposure from an excessive number of tenants that have a poor credit position.</p> <p>Erosion in the occupancy of a building or portfolio could significantly reduce cash flow or require a cash outlay from the investor.</p>	<p>Bentall Kennedy will look to identify excessive exposure to any major tenant or group of tenants and will develop future leasing strategies to mitigate this risk.</p> <p>The leasing process includes a comprehensive assessment of a prospective tenant's ability to meet the obligations under the lease prior to entering into a commitment.</p>
Exposure to Major Industry Sub-Groups	<p>While a portfolio may be diversified by type and location, if a significant number of tenants are in one industry (e.g. high-tech or auto manufacturing), the portfolio is subject to increased risk and unstable returns.</p>	<p>Portfolio management will look to identify excessive exposure to specific industry sub-groups. Efforts to mitigate this risk may include amending the future leasing strategy for an asset or group of assets.</p> <p>This risk can be mitigated by forming an investment strategy that avoids acquiring assets exposed to this industry or supports the disposition of certain assets creating the exposure.</p>
Leverage Exposure, Maturity and Interest Rates	<p>Most mortgages are for a fixed term and a disproportionate number of them may mature all within a given period. This could expose the real estate portfolio to interest rate and refinancing risk if financing rates are high and capital is not readily available during this period.</p>	<p>Financing strategies can be developed to mitigate this type of exposure.</p>
Development and Construction Costs	<p>Construction projects can experience significant cost over-runs on preliminary costs estimates or schedule delays due to changes in market conditions for materials and labor, design changes, and changes in the leasing and capital markets.</p>	<p>Securing fixed price contracts, negotiating development service agreements, tying performance fees to cost over-runs and earn-outs that carry penalties when buildings or spaces are not occupied on time, structuring lease arrangements to address these type of potential situations</p>

Risk Type	Risk	Mitigation Strategies
	Increased costs or delays can significantly reduce the profitability and return of a real estate investment and may require the investor to fund additional capital.	are a few of the important strategies for mitigating this risk.
Environmental	<p>Environmental site conditions or environmental contamination attributed to the activities of a tenant or others that access properties can create significant liabilities for remediation.</p> <p>Federal and state regulatory authorities can impose fines for failure to comply with the legislation.</p>	<p>Bentall Kennedy conducts a thorough due diligence process for each investment, including environmental risk assessments.</p> <p>Also, by working with experienced developers, property managers, and other partners that have local market and specific product type experience, we manage local government approval and regulatory risks more effectively than those that do not have these long-standing relationships.</p>
Market Conditions	Real estate investment is subject to the volatility of the leasing and capital markets.	<p>It is important to manage real estate investments so that they can perform well at all points of the business cycle.</p> <p>This is achieved by strengthening the term and quality of the cash flow of the individual assets and that of the entire real estate portfolio.</p>

A key element of our governance structure to mitigate these risks in connection with acquisitions and dispositions of investments is our Investment Committee. The Investment Committee membership is made up of senior management of the organization and its mandate is to provide strategic oversight, governance oversight, and formal internal authority for all investment transactions entered into on behalf of Bentall Kennedy's clients. This committee will review all major investment activity and ensure that investments are suitable for our clients.

Members of the Investment Committee will be familiar with client investment management agreements and will regularly discuss investment objectives with clients. Using this information, they will set current investment criteria as guidance in the acquisition process. The Investment Committee will meet periodically to evaluate investment opportunities relative to client guidelines and Bentall Kennedy's investment criteria.

Item 9 - Disciplinary Information

Bentall Kennedy must disclose legal or disciplinary events that would be material to a client's consideration in choosing Bentall Kennedy to provide investment advisory services. Neither Bentall

Kennedy nor any members of senior management have been a party to any such legal or disciplinary action.

Item 10 - Other Financial Industry Activities and Affiliations

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

RealFund Capital LLC, an entity under common control with Bentall Kennedy, is a registered broker-dealer and limited member of the Financial Industry Regulatory Authority (FINRA). It will market private funds managed by Bentall Kennedy. All of the supervised persons of RealFund Capital LLC are associated persons of Bentall Kennedy.

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

Bentall Kennedy's Code of Business Conduct is distributed to all employees and a Statement of Acknowledgement and Confirmation is executed by all employees annually. The Code of Business Conduct outlines the expectations of employees in the areas of equal employment opportunity, productive work environment, dispute resolution, confidential information, conflicts of interest, fiduciary standards, and insider trading.

Bentall Kennedy is committed to the highest level of ethical behavior in its business practices and this same commitment is required of all employees. Upon request, this Code of Business Conduct is available to all existing and potential clients of Bentall Kennedy.

Bentall Kennedy does not enter into any principal trades with its clients.

At the acquisition of a new real estate investment by a Bentall Kennedy client, Bentall Kennedy may be required by the terms of the client advisory agreement to participate in the ownership of this investment. Any ownership interest held by a limited partner of Bentall Kennedy under these structures is a minority position and would not represent a controlling interest or material financial interest.

It is possible that material non-public information or "insider" information may be disclosed to Bentall Kennedy employees in the course of their employment at Bentall Kennedy. The Code of Business Conduct prohibits the practice of "insider trading" and outlines steps for employees to follow if they believe that material non-public information has been disclosed to them. These steps include the requirement for disclosure to the Chief Compliance Officer. The Chief Compliance Officer has the authority to impose restrictions on personal trading.

Item 12 - Brokerage Practices

Bentall Kennedy provides its clients with real estate advisory services and is not involved in trading securities. Bentall Kennedy therefore does not recommend broker dealers for client transactions involving securities nor is it the recipient of research or other "soft dollar benefits".

Bentall Kennedy contracts on behalf of its clients with a number of outside firms to perform certain management activities relating to client investments. Examples of such third-party service providers include property management companies, developers, leasing brokers, accountants, appraisers, and other categories of service firms. Bentall Kennedy requires all such third party service providers to maintain appropriate controls and procedures to protect the assets and confidentiality of Bentall Kennedy's clients.

Item 13 - Review of Accounts

Each client account is assigned to a senior officer of the organization. This senior officer is responsible for overseeing the process and controls in place to effectively manage and safeguard the client's assets as well as the activities of the asset managers, portfolio controllers, accountants, and other Bentall Kennedy personnel providing services to the respective client account.

We define the regular reporting to each client in that client's investment management agreement.

For all major investment activities, there is further oversight provided by the Investment Committee. The Investment Committee membership is made up of senior management of the organization and its mandate is to provide strategic oversight, governance oversight, and formal internal authority for all investment transactions entered into on behalf of Bentall Kennedy's clients. This committee will review all major investment activity and ensure that Bentall Kennedy has met its fiduciary obligations and has served the best interests of its clients.

For a more detailed description of the Investment Committee, please see **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**.

Item 14 - Client Referrals and Other Compensation

Bentall Kennedy does not enter into nor is compensated by any arrangements with outside parties that provide investment advice to our clients.

Item 15 - Custody

Where possible, Bentall Kennedy will structure its business arrangements with clients to avoid holding, whether directly or indirectly, any client funds or securities. Certain clients require Bentall Kennedy to direct the movement of funds to and from client custodial bank accounts. In such cases, all client funds will be held in a separate bank account for each client, either under that client's name, in the name of a client title-holding entity, or name of a pooled investment vehicle. Under no circumstances will client funds be held in Bentall Kennedy's name, or be commingled with Bentall Kennedy funds, or with other clients' funds.

In accordance with the Investment Advisers Act of 1940 Rule 206(4)-2, bank statements are sent to clients at least quarterly directly from the custodian bank. Clients are strongly urged to verify that the information on these bank statements is consistent with information received from Bentall Kennedy. Furthermore, client custodial accounts undergo an annual surprise inspection by an independent

public accounting firm registered with the Public Company Accounting Oversight Board (“PCAOB”) and a Form ADV E is on file with the SEC regarding the most recent inspection.

Pooled investment vehicles are exempted from the requirements of direct delivery of bank statements by custodian banks and surprise inspection so long as the financial statements for these investments are audited within 120 days of the fiscal year end by an independent accounting firm registered with the PCAOB. It is Bentall Kennedy’s policy to have such audits completed and distributed to investors within the required period of time.

Item 16 - Investment Discretion

Bentall Kennedy’s discretionary investment and decision making authority for each client is outlined in the individual advisory agreement negotiated with that client and varies from client to client. Authority may or may not be broad enough to allow Bentall Kennedy to unilaterally make material investment decisions on behalf of our clients.

Bentall Kennedy will maintain an Investment Committee that will include members from senior management including the Chief Executive Officer, Chief Operating Officer, Chief Investment Officer, and the portfolio manager for the client and other key personnel.

For a more detailed description of the Investment Committee, please see **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**.

Item 17 - Voting Client Securities

Bentall Kennedy provides its clients with real estate advisory services and is not involved in trading securities. Bentall Kennedy does not receive voting proxies from its clients. As such, Bentall Kennedy does not have policies and procedures to govern this type of activity.

Item 18 - Financial Information

Bentall Kennedy has custody of certain client assets. In addition, we have discretion on certain client assets. Bentall Kennedy is not in an unfavorable financial condition that may impair its ability to meet contractual commitments to clients.

Bentall Kennedy has not been subject to a bankruptcy petition at any time since its inception nor have any of its predecessor companies.