



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

Form ADV Part 2a

March 31, 2012

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.) LP is also available on the SEC's website at: www.adviserinfo.sec.gov

Item 2 - Material Changes

The following narrative highlights the material changes that have been made to this brochure since it was last filed on March 31, 2011 and any material changes to the company that may be relevant to any clients or prospective clients about the qualifications and business practices of Bentall Kennedy (U.S.) Limited Partnership.

In March of 2012, Amy Price was appointed the Chief Operating Officer of Bentall Kennedy U.S. Limited Partnership with overall responsibility for operating and financial performance. Amy also serves on the Bentall Kennedy Group Management Committee, the U.S. Executive Committee and the U.S. Investment Committee.

Prior to joining Bentall Kennedy U.S. in 2012, Amy was a Managing Director and Head of Real Estate Investing for the Western United States at Morgan Stanley, where she founded their San Francisco office. Amy holds an MBA with Distinction from The Wharton School of the University of Pennsylvania and graduated magna cum laude from Colgate University.

As previously reported, Kennedy Associates Real Estate Counsel L.P. changed its name to Bentall Kennedy (U.S.) Limited Partnership in November of 2010. This change was part of a strategic alliance with Bentall Kennedy (Canada) Limited Partnership (formerly Bentall Limited Partnership). The two companies joined forces under a strategic partnership in 2006 (collectively the "Bentall Kennedy Group") and have created a comprehensive, North America-wide platform. The Bentall Kennedy Group provides clients with the means to invest in top tier real estate in both the United States and Canada through a single investment platform that is supported by the depth of real estate knowledge and extensive experience of its partners.

In support of this alliance, the company underwent a reorganization on June 13, 2011 which provided a legal structure that aligned the ownership interests of the limited partners and allowed for the exchange and transfer of certain individual management partner interests. In addition to a number of administrative efficiencies, this revised structured strengthened the governance of Bentall Kennedy (U.S.) Limited Partnership by the introduction of a largely independent Board of Managers.

Bentall Kennedy Group is governed by a dual board structure. Each board is made up of six independent managers, one representative from each of our two external limited partners, bclMC and Ivanhoé Cambridge, and one representative of our management limited partner.

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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 comprehensive 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, Ivanhoé Cambridge (formerly known as SITQ) (a subsidiary of the Caisse de dépôt et placement du Québec) and the British Columbia Investment Management Corporation (bcIMC).

As of December 31, 2011, Bentall Kennedy has \$8.2 billion in assets under management. 90.3% are on a discretionary basis and 9.7% are 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. Included in our compensation for services rendered, Bentall Kennedy does in certain circumstances earn fees for the sale of real estate assets under its management. In order to avoid conflicts of interests and ensure Bentall Kennedy’s fiduciary obligations are met when making disposition recommendations, all investment decisions are approved by a formal Investment Committee.

This Investment Committee 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 policies and procedures address the rare 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. This Investment Committee 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 public, corporate and Taft-Hartley retirement systems, as well as major university endowments and sovereign wealth funds.

Bentall Kennedy has no set minimum account size for which it is prepared to establish for its clients.

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

Bentall Kennedy formulates real estate investment strategies which 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 which 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.

Real estate investment presents exposure to a number of risks. To mitigate these risks, our client's 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 which will reduce 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.

Risk Type	Risk	Mitigation Strategies
Vacancy and Lease Expiry	<p>A diversified real estate investment portfolio should have a relatively low vacancy rate and should not have a significant portion of the leases (by area) expiring in any one year.</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>Bentall Kennedy monitors the lease expiry profiles of each property and then 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 an excessive number of tenants may have a poor credit rating.</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 which avoids acquiring assets exposed to this industry or supports the disposition of certain assets creating the exposure.</p>

Risk Type	Risk	Mitigation Strategies
Leverage Exposure, Maturity and Interest Rates	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.	Financing strategies can be developed to minimize this type of exposure.
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>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.</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 are a few of the important strategies for minimizing this risk.
Environmental	<p>Environmental site conditions or environmental contamination attributed to the activities of a tenant or others who 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 who have local market and specific product type experience, we believe that we manage local government approval and regulatory risks more effectively than those who do not have these longstanding 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 is our Investment Committee. This Investment Committee 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.

Executive Managers 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 Kennedy's investment criteria.

The following procedures apply:

- Acquisition Officers will regularly investigate real estate and capital markets to target and evaluate investment opportunities by maintaining on-going communications with outside property owners, developers, mortgage bankers and brokers to source investment opportunities.
- Preliminary investment opportunities will be entered into the Acquisition Database.
- Preliminary investment opportunities identified by Acquisitions will be evaluated by the Investment Committee, using their knowledge and judgment of the markets and client investment criteria to determine whether or not to pursue the transaction.
- For each investment opportunity identified, Acquisitions will continue to investigate the transaction until either the project is recommended as a proposed investment to a client or pursuit is terminated.

The Investment Committee will allocate all potential investments to clients based upon criteria established in client investment management agreements and additional information obtained through ongoing communications with the executive managers. Where multiple clients may potentially qualify for the same investment, the Investment Committee will follow Bentall Kennedy's Conflict Policy as amended from time to time.

The Chief Compliance Officer will communicate annually with the Investment Committee to review and monitor compliance with these procedures and to confirm that:

- Preliminary Investment opportunities presented to the Investment Committee, and related attributes and key dates, shall be recorded in the Acquisition Database.
- Investment opportunities presented to clients must first be approved by the Investment Committee and specifically by the Chief Investment Officer.
- An updated Pipeline Report, listing the status of proposed, closed, and rejected investment opportunities and related attributes and key dates, shall be distributed to the Investment Committee on a regular basis.

- Investments approved by the Investment Committee, and the allocation of the investments to clients, shall be recorded by the Investment Committee Secretary in the Investment Committee Notes. The Acquisition Database will be promptly updated to reflect decisions made in the Investment Committee meeting.
- Proposed acquisitions shall be documented in the form of a registration statement
- Client rejections of proposed acquisitions shall be documented.
- A proposed acquisition that has been rejected by a client may be offered to another client by creating a subsequent registration statement on behalf of that client (if required).
- Correspondence and documentation related to investment allocation shall be permanently retained.

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 broker-dealer or a registered representative of a broker-dealer.

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.

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 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, limited partners of Bentall Kennedy may be required under 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 or material 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 does contract with a number of outside firms to perform certain management activities relating to client real estate investments. Examples of such third party providers include property management companies, developers, leasing brokers, accountants, and other categories of service firms. Department heads are responsible for overseeing contracts with third party providers in order to protect client assets from inappropriate use or conversion, and to protect the confidentiality of client data. The following procedures apply:

- The Board of Managers will annually designate those corporate officers authorized to exercise specified authorities pursuant to client investment management agreements. All actions by Bentall Kennedy employees must be consistent with the Board’s delegation of such authority.
- Service contracts will prohibit third party providers, and their subcontractors, from disclosing or using client information other than to carry out client authorized services.
- Either appropriate insurance coverage or other evidence of satisfactory financial strength will be required for those providers who have access to client funds and assets.
- The Chief Financial Officer will be responsible for establishing policies and procedures to regularly direct and monitor the external accounting for construction, operating, reporting and bank activity generated by third party service providers.
- Portfolio controllers will monitor the adequacy of third party controls over accounting for client funds and other assets, and are responsible for ensuring consistency with Bentall Kennedy’s financial reporting policies and procedures.

- The Vice President of Capital Controls will verify third party requests for client funding and ensure compliance with Bentall Kennedy's policies and procedures.
- The Directors of Asset Management will be responsible for establishing procedures for directing, approving and monitoring the activities of property managers and leasing brokers.
- The Directors of Asset Management will establish a delegation of authority indicating the management approvals necessary for all property leasing transactions in accordance with client requirements, if specified.

Item 13 - Review of Accounts

The responsibility for each client account is assigned to an executive officer of the organization. These executive officers are responsible for overseeing the process and controls in place to effectively manage and safeguard the client's assets.

These executive officers oversee the activities of the portfolio managers, assets managers, portfolio controllers, accountants, and other Bentall Kennedy personnel providing services to the respective client account.

For all major investment activities, there is further oversight provided by the Investment Committee. The Investment Committee 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 14 - Client Referrals and Other Compensation

Bentall Kennedy does not enter into nor is compensated by any arrangements with outside parties who 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 Section 275.206(4)-2, as amended in 2010, 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 Form ADV E is on file with the SEC.

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 is outlined in the individual advisory agreements with each client and may vary 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 Executive Managers (the President, Chief Investment Officer, and Executive Vice Presidents of Portfolio Management); acquisition officers and other key employees appointed at the discretion of the Chief Investment Officer.

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.