

# CBRE GLOBAL VALUE INVESTORS, LLC

## Part 2A of Form ADV The Brochure

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Date: March 29, 2016

This brochure provides information about the qualifications and business practices of CBRE Global Value Investors, LLC ("CBRE Global Value Investors" or "we"). If you have any questions about the contents of this brochure, please contact Mario Indelicato, Chief Compliance Officer (Tel: 213-683-4200, email: [mario.indelicato@cbreglobalinvestors.com](mailto:mario.indelicato@cbreglobalinvestors.com)). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about CBRE Global Value Investors is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## 2. Material Changes

This current brochure is dated March 29, 2016 and replaces the prior one dated March 31, 2015.

While there have been no material changes to our advisory business since the prior brochure, this brochure has been updated to provide additional disclosure regarding fees and expenses, allocation policies, conflicts of interest and certain other matters, as well as to reword certain disclosures in order to provide greater clarity.

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## 4. Advisory Business

The Investment Management business of CBRE Group, Inc. ("CBRE") started in 1972. CBRE Global Value Investors was formed in 1999 and began investing in real estate in April 2000. CBRE Global Value Investors is an indirect, wholly owned subsidiary of CBRE (a publicly traded company in the United States), and a subsidiary of CBRE Global Investors, LLC (a separately registered investment adviser) ("CBRE Global Investors"). CBRE Global Value Investors, together with its affiliates within the Investment Management division of CBRE provides real estate and real estate related investment and asset management services (including equity and debt) to clients in the United States, the United Kingdom, continental Europe and Asia.

We act as sponsor, manager, general partner, and/or investment adviser of a series of U.S. commingled investment vehicles and other programs, such as limited partnerships, limited liability companies, joint ventures and other commingled or investment vehicles ("Investment Funds" or "clients"). We call these funds the "Strategic Partners U.S." and "Wood Partners" funds. Our Investment Funds pursue a "Value Added" or "Opportunistic" investment strategy (see Item 10) and make investments in real estate and real estate related assets, and land and development assets.

CBRE Global Value Investors provides investment advisory services to each client in accordance with a limited partnership agreement (or analogous organization document), separate advisory agreement, investment management agreement, portfolio management agreement, asset management agreement or sub-advisory agreement (each, an "Advisory Agreement"). Generally, our investor base for the Investment Funds includes large institutional investors, such as public and corporate pension plans. Many of these investors have their own independent consultants or advisers to assist them in their investment choices. Investors in our Investment Funds are generally required to be "accredited investors" within the meaning of Regulation D under the Securities Act of 1933, as amended. For our Investment Funds, investment advice is provided directly to the Investment Funds and/or underlying fund entities, subject to the discretion and control of the Investment Funds' general partners (or analogous party), and not to investors in Investment Funds based upon their individual needs. Investment restrictions of the Investment Funds, if any, are generally established in the organizational or offering documents of the applicable Investment Fund, Advisory Agreements and/or side letter agreements negotiated with investors in the applicable Investment Fund.

As of December 31, 2015, CBRE Global Value Investors and its affiliates within the Investment Management division of CBRE managed on a discretionary and non-discretionary basis approximately \$89 billion in client assets consisting of real estate and real estate related investments held for investment purposes.<sup>1</sup> Of this amount, CBRE Global Value Investors' AUM was approximately \$7.1 billion, with all of those assets managed on a discretionary basis.

We invest our own capital in many of our Investment Funds to further align our interests with those of our investors, or for tax structuring purposes – see Item 7, Types of Clients.

## 5. Fees and Compensation

For its real estate investment advisory services, CBRE Global Value Investors is usually paid an asset management, portfolio management or investment management or advisory fee based upon the amount of equity invested in the applicable Investment Fund. In some cases, this includes a base asset management fee paid by the Investment Fund's real estate investment trust subsidiary.

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<sup>1</sup> Assets under management (AUM) refers to the fair market value of real estate-related assets with respect to which CBRE Global Value Investors and its affiliates within the Investment Management division of CBRE provide, on a global basis, oversight, investment management services and other advice, and which generally consist of investments in real estate; equity in funds and joint ventures; securities portfolios; operating companies and real estate related loans. This AUM is intended principally to reflect the extent of CBRE Global Value Investors' presence in the global real estate market, and its calculation of AUM may differ from the calculations of other asset managers.

In addition, CBRE Global Value Investors may be paid an acquisition fee based upon the cost or purchase price of an acquired asset ("Transaction Fees"). These Transaction Fees may be substantial. For a discussion of material conflicts of interest created by the receipt of such fees, please see Item 11 below.

Additionally, as further described in Item 6 below, CBRE Global Value Investors receives distributions representing a portion of the profits of each Investment Fund.

We do not have a set fee schedule. Fees for our Investment Funds are typically set on a fund-by-fund basis, disclosed in the fund's Private Placement Memorandum or prospectus and set out in the Advisory Agreements of those funds or in separate side letter or other agreements with the applicable investor.

CBRE Global Value Investors or its affiliates may also be an investor in an Investment Fund in which case it will receive its percentage interest of income, profits and gains/losses as an investor in addition to the management fees, incentive distributions and Transaction Fees received by the general partners (or analogous party), CBRE Global Value Investors or its affiliates.

With respect to certain Investment Funds, investors that are employees of CBRE Global Value Investors or its affiliates ("Adviser Investors") do not pay management fees in connection with their investment in such Investment Fund. Notwithstanding that such Adviser Investors will not pay management fees, Adviser Investors will pay for their pro rata share of certain Investment Fund expenses or the pro rata portion of such Adviser Investors' expenses will be allocated to CBRE Global Value Investors or the general partner of the applicable Investment Fund.

Our fees are exclusive of third party fees, costs and expenses (including payments to affiliates) actually incurred in connection with the affairs of our Investment Funds, including, without limitation, those incurred for: (i) identifying, investigating, acquiring, owning, financing, hedging, rating, capitalization, expanding, operating, originating, managing, maintaining, repairing, improving and disposing of assets of the Investment Fund and for providing services; (ii) property condition, architectural, engineering, environmental or other studies of or reports on proposed or existing investments, including for due diligence, for compliance with law and regulation, for tenant counterparty and other background checks and credit evaluations; (iii) legal counsel, accountants, appraisers, service providers and other consultants (including fees in connection with the provision of financial accounting and reporting services to the Investment Funds and their limited partners); (iv) reasonable and necessary expenses of the members of the advisory board and investor participation in meetings of Investment Fund limited partners; (v) insurance matters permitted under the applicable Advisory Agreements, taxes, assessments, utilities and similar costs; (vi) litigation and other dispute resolution matters; (vii) administrative expenses; (viii) costs related to any credit facility and debt (including principal and interest payments) and in connection with the origination, syndication or acquisition of real estate-related indebtedness and preferred equity; (ix) with approvals as may be required under the applicable Advisory Agreements, other costs and expenses that would not otherwise be operating expenses; (x) lease and tenant related matters, including leasing commissions, tenant improvements, tenant concessions, ownership costs, tenant retention expenses; (xi) with respect to the business or operations of Investment Funds and the investments of such Investment Funds, business development and marketing activities (including personnel providing marketing and related services for such investments from our or an affiliate's offices), training activities, hardware, software (including Yardi) and other applications; (xii) all quotation and valuation costs and expenses, including, without limitation, the fees and out-of-pocket expenses of any appraiser; (xiii) all costs relating in any way to any offerings of interests in Investment Funds following the first closing, regardless of whether interests in such Investment Funds are ultimately issued, including costs relating to preparing offering documents, verifying investor or client suitability requirements, establishing any related vehicles and complying with any and all applicable laws, orders and regulations related thereto, as determined by CBRE Global Value Investors in its sole discretion, complying with the laws

of applicable jurisdictions and payment of filing fees; (xiv) compensation (for personnel and consultants), benefits, payroll, taxes, administration and travel and other overhead and cost reimbursements of service providers (including affiliated service providers), including for personnel providing marketing and related services for fund assets from our or an affiliate's offices; (xv) any other matters as are permitted under the applicable Advisory Agreements; and (xvi) amounts to be contributed or advanced to any Investment Fund subsidiary or investment for the purpose of such entity or investment paying any cost of the type described in the foregoing clauses (i) through (xv).

In addition, some joint venture or service provider arrangements may provide for a promote, incentive fee or ownership interest in the subject property to be granted to such joint venturers or service providers. Such compensation will be ultimately borne by the client or the client's property and not CBRE Global Value Investors and, for certain clients, the clients will be paying two levels of promote and fees – one to CBRE Global Value Investors and one to the service provider or joint venturer.

From time to time, the general partner (or analogous party) of an Investment Fund may create certain "special purpose vehicles" or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of investors ("SPVs"). In the event the general partner (or analogous party) creates an SPV, consistent with the organizational documents of the Investment Fund, the SPV, and indirectly, the investors thereof, will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV.

In certain cases, a co-investment vehicle, a parallel vehicle or other similar vehicle established to facilitate the investment by investors to invest alongside the Investment Fund may be formed in connection with the consummation of a transaction. In the event such a vehicle is created, the investors will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the vehicle.

The co-investment vehicle, parallel vehicle or other similar vehicle will generally bear its pro rata portion of expenses incurred in the making an investment. If a proposed transaction is not consummated, no such vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not consummated transaction (including any expenses relating to the organization of such vehicle that was not ultimately formed) would therefore be borne by the Investment Fund or Investment Funds selected by CBRE Global Value Investors as proposed investors for such proposed transaction.

Management fees may be charged either quarterly or monthly in arrears. Other fees are generally deducted after the applicable services are performed. The fees and incentive distributions are typically deducted from the assets of the pooled vehicle or from cash flows attributable to such funds.

## 6. Performance Based Fees and Side-by-Side Management

CBRE Global Value Investors receives from its sponsored Investment Funds incentive distributions (including carried interest payments) based on surpassing a pre-specified return and returning investors' capital contributions. Such incentive distributions are typically based on realized returns and/or meeting a pre-specified return.

Because of the receipt of Transaction Fees and the different performance-based compensation or incentive distribution arrangements in place for certain of our clients, we may have an incentive to (i) favor clients that pay such fees, compensation or distributions over those that do not or (ii) favor clients that pay such fees, compensation or distributions at a higher effective rate or that have a different vintage or investment basis.

This incentive could, for example, affect our decision to effect real estate transactions for some clients and not for others if we believe the transaction will be profitable. Our receipt of such fees, compensation or distributions may also incentivize us to make investments that are riskier or more speculative than we would make if we did not receive such fees, compensation or distributions. In addition, certain Investment Funds have similar and, in some instances, overlapping investment strategies and objectives.

These risks are mitigated by our structure and our policies and procedures which seek to provide that investment decisions are made without consideration of our pecuniary interests, and instead are made in accordance with the governing legal documents relating to a client account, our fiduciary duties to all client accounts and our Investment Allocation and Registration Programs, described below.

#### Investment Allocation Program

CBRE Global Investors and CBRE Global Value Investors generally utilize separate operating units to execute different investment strategies. These operating units contain focused investment teams responsible for executing their respective strategy. The CBRE Global Investors Managed Accounts Group includes separately managed accounts and an open-end Investment Fund focused on Core investing (collectively, "MAG"). The separate accounts may invest across the risk spectrum – Core, Value Added and Opportunistic (each as defined in Item 8 below). In situations where both MAG and the Strategic Partners Funds are deploying value add capital, CBRE Global Investors and CBRE Global Value Investors have employed a deal registration system (see below), and an allocation program for multi-housing properties (see below).

#### *Registration Program*

In order to manage the allocation of investment opportunities between MAG on the one hand and the Strategic Partners Funds on the other hand, we utilize a "Registration Program" under which our separate internal investment teams may claim or "register" a proposed investment for the client accounts they manage. The purpose of the Registration Program is to provide a simple and objective process to allocate investment opportunities to dedicated investment teams between MAG and the Strategic Partners Funds that may pursue overlapping acquisition targets. Applicable dedicated investment teams within CBRE Global Investors and CBRE Global Value Investors will "register" for the right to pursue a proposed investment transaction. The Registration Program is used to register transactions at such time as a transaction becomes feasible. The first internal investment team to register with respect to a transaction will have the exclusive right (as between the investment teams) to pursue the associated transaction. As long as a team is demonstrating reasonable progress on a registered transaction (as determined in investment meetings), the team will retain its exclusive rights to the investment. In the event that an investment team is not demonstrating progress, the transaction may be reallocated to another team with the approval of the Strategic Partners Fund or the MAG team leader.

#### *Multi-Housing Group Allocation*

Because we have a team that focuses on multi-housing properties, CBRE Global Investors and CBRE Global Value Investors utilize a multi-housing group allocation program. This program is separate from the above Registration Program. An initial screening process is used to determine the appropriate client(s) for a prospective investment. In general, the team leaders or portfolio managers (or their proxies) for each client will participate on a weekly or other periodic conference call or meeting in order to review the pipeline of multi-family investments and to elect the investments suitable for their respective clients.

The team leaders of MAG will administer the screening process by applying the following criteria:

- Investment strategy: Value Added, Opportunistic and Core

- Available capital
- Geographic location/target market
- Transaction structure
- Risk profile
- Yield requirements
- Leverage requirements/limitations
- CapEx requirements

If a potential U.S. multi-family investment is deemed appropriate and suitable for more than one client and the team leaders for two or more clients wish and are able to pursue the investment within the applicable time frame, the award of the investment will be made based on a rotational ordering such that the property will be allocated to the client with available capital to deploy and with the longest elapsed time since being awarded an investment. A client who is awarded an investment will lose its priority ranking under the rotational ordering maintained by the firm (i.e. the client will drop to the end of the ranking list for the next multi-family investment opportunity) irrespective of whether the client subsequently closes on the awarded investment. Should such client fail to demonstrate reasonable progress in actively pursuing the awarded investment within seven business days of such award or within another reasonable time frame, the investment may be reallocated to another client per the above terms and so forth.

The investment allocation process will be administered by the office of CBRE Global Investors' Chief Executive Officer. The Chief Executive Officer or his delegates, with participation from the team leaders as advocates for their clients, will be the final arbitrator of the allocation of investment opportunities in the event of disputes and can approve exceptions to the above policy where appropriate.

## 7. Types of Clients

CBRE Global Value Investors serves as an investment manager or adviser of Investment Funds formed in order to facilitate investment by institutional investors. Such Investment Funds are typically formed as Delaware limited partnerships or limited liability companies. Unless otherwise stated in a prospectus or other constituent documents for an Investment Fund, the minimum required investment amount for an investor in an Investment Fund is generally \$5 million, although CBRE Global Value Investors and its subsidiaries have discretion to accept a lower investment amount.

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

### Investment Strategies

CBRE Global Value Investors and its affiliates within the Investment Management division of CBRE sponsor the following real estate investment programs.

- Direct real estate investments. This includes the following strategies. A “Core” strategy seeks to invest in real estate with stable current income and appreciation returns commensurate with a low to moderate level of risk. The majority of the return will be based on cash flow. Investments are typically located in major markets and are substantially leased, institutional-quality assets. Leverage is moderate with generally an upper limit of 40% loan to value or cost. Property types are institutional-quality office, industrial, retail and multi-family. A “Value Added” strategy seeks to invest in real estate with a moderate risk profile and greater appreciation potential than core. The returns will come from a blend of income and appreciation. Leverage is generally limited to 60% loan to value or cost. Property types are institutional-quality office, industrial, retail, hotel and multi-family. An “Opportunistic” strategy seeks to invest in real estate with high-risk attributes; returns are often largely dependent on future appreciation. Leverage can be 75% loan to value or cost or greater. Property types include office, industrial, retail, hotel and multi-family. Investments in operating companies and development are also considered.
- Real estate debt. This includes the origination and acquisition of mortgage loans, mezzanine loans and real estate-related securities.
- Unlisted indirect real estate. This includes global unlisted real estate portfolios, fund of fund vehicles or third party funds, club and joint venture transactions, and recapitalizations and investments in existing real estate portfolios managed by third parties.
- Listed real estate and infrastructure company securities. This includes global listed real estate and infrastructure securities portfolios.

#### Method of Analysis

CBRE Global Value Investors is organized into focused operating units and investment teams. An investment team is typically assigned to each program, fund series or client (or more than one complementary client with similar strategies). Each team is supported by shared resources of CBRE Global Investors, including research, legal, compliance, and investor reporting. CBRE Global Value Investors seeks to harness its own real estate investment strengths as well as the resources of CBRE’s leasing, property management, acquisition and disposition brokerage, and debt professionals for the benefit of our investors.

CBRE Global Value Investors uses an investment analysis approach that is grounded on thorough due diligence of, and underwriting on, a real estate related investment. Each investment team utilizes a disciplined, research-based investment process that dictates a structured approach for the selection, underwriting, pricing, closing, operation and disposition of investments. Generally, the CBRE Global Value Investors’ real estate investment teams focus on investments in high-quality properties in highly rated major metropolitan areas. Property-level operating and exit strategies are formulated during the acquisition phase of an investment and these strategies may be continually re-evaluated based on the client’s investment strategy and the research outlook for the capital and property markets.

The due diligence and underwriting process is designed to mitigate physical and financial risk and to uncover opportunities for creating value. The general focus of due diligence is to audit and challenge the information provided by the seller, developer or fund manager and to evaluate broader opportunities represented by potential transactions. Specialists are generally engaged to assess physical and environmental conditions, tenant credit, building measurement and other aspects of the investment.

In development transactions, the teams may also retain third-party and affiliated service providers to assess and evaluate development feasibility, construction risk, and development partner background. The teams may complete a detailed tenant review, including tenant interviews, to understand tenant creditworthiness and opportunities for value creation through negotiating improved rental rates or longer lease terms.



A key element of the underwriting and due-diligence processes includes input from CBRE or third-party leasing specialists. “On-the-ground” local market and tenant information, including rental data, leasing activity and new development potential, may be utilized to help ensure that the advice provided to clients capitalizes on, and adjusts to changing market conditions. These leasing specialists may also provide the teams with “local market intelligence” including how the property is positioned and perceived in the marketplace, factors impacting tenant demand, strategic threats to the asset and opportunities to add value through repositioning strategies. In addition, working with these specialists allows the team to prepare a more comprehensive capital expenditure budget that outlines the costs involved in repositioning an asset from a physical perspective including curing deferred maintenance issues.

Each of the key investment programs has its own Investment Committee. These Investment Committees oversee and approve certain acquisitions, dispositions, financings and new joint ventures related to investments made on behalf of clients. Each Investment Committee includes employees with substantial experience in commercial real estate investment management and operations and, in select cases, senior members of the dedicated investment team for the applicable investment program or operating unit. In addition, to ensure a level of independence, certain of our Investment Committees have an independent member with no affiliations to the team. Select transactions are also reviewed by a Global Investment Committee comprised of senior members of global management.

### Risks

Investors in Investment Funds should refer to the applicable offering memorandum or private placement memorandum for a further discussion of risks.

*General Real Estate Risks.* Real property investments are subject to varying degrees of risk. The yields available from equity investments in real estate depend in large part on the amount of income generated and expenses incurred. If the investments do not generate revenues sufficient to meet operating expenses, including debt service, tenant improvements, leasing commissions and other capital expenditures, clients may be required to fund or borrow additional amounts to cover fixed costs, and the cash flow of such client account (and, with respect to Investment Funds, its ability to make distributions to investors) will be adversely affected. Although each investor will be investing in a range of investments, all real estate investments are speculative in nature and the possibility of partial or total loss of capital exists. Investors should not subscribe to or invest in an Investment Fund we manage unless they can readily bear the consequences of such loss. Revenues and the value of properties may be adversely affected by a number of factors, including: the national, state and local economic climate and real estate conditions (such as oversupply of or reduced demand for space and changes in market rental rates); the perceptions of prospective tenants of the safety, convenience, location and attractiveness of the properties; our ability, on behalf of a client, to provide or procure adequate management, maintenance and insurance for real estate properties held in client accounts; the financial condition of tenants, buyers and sellers of property; the ability to collect on a timely basis all rent from tenants; the expense of periodically renovating, repairing and releasing spaces; structural or property level latent defects; uninsured losses or delays from casualties or condemnation (such as hurricanes, floods and earthquakes); increasing operating costs (including real estate taxes and utilities) which may not be passed through to tenants; and acts of God and other factors beyond our control.

Certain significant expenditures associated with investments in real estate (such as mortgage payments, real estate taxes, insurance and maintenance costs) are generally not reduced when circumstances cause a reduction in rental revenues from the property. In addition, real estate values and income from properties are also affected by such factors as compliance with applicable laws, including regarding zoning and usage, environmental and tax laws, interest rate levels and the availability of financing. The amount of available rentable square feet of commercial property is often affected by market conditions and may, therefore,

fluctuate over time. Investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property) could also create risks of successor liability.

*Illiquid Investments.* Real estate investments are relatively illiquid. Our ability to quickly modify the contents of a client portfolio in response to changes in economic and other conditions will be limited. There can be no assurance that a client will be able to dispose of an investment when it finds disposition advantageous or necessary or that the sale price of any disposition will recoup or exceed the amount of an investment by such client.

*Investments in Real Estate Debt.* Originating and investing in real estate related debt has unique risks. In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real property investments, an Investment Fund originating and investing in debt will be subject to a variety of risks in connection with such debt investments, including the risks of illiquidity, lack of control, mismanagement or decline in value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on such Investment Fund's exercise of contractual remedies for defaults of such investments.

*Nonperforming Loans; Foreclosure Process.* Real estate loans may be at the time of their origination or acquisition, or may become, nonperforming. Such loans may require a substantial amount of workout negotiations and/or restructuring, which may entail a reduction in the interest rate or a writedown of the principal of such loan. Even if a restructuring were successfully accomplished, a risk exists that replacement "takeout" financing will not be available, and as a result foreclosure may be necessary. The foreclosure process can be lengthy and expensive.

*Cybersecurity Risk.* CBRE Global Value Investors, the clients' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the clients and investors in the Investment Funds, despite the efforts of CBRE Global Value Investors and such service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the clients and investors in the Investment Funds. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of CBRE Global Value Investors, the clients' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of CBRE Global Value Investors' systems to disclose sensitive information in order to gain access to CBRE Global Value Investors' data or that of clients or the Investment Funds' investors. A successful penetration or circumvention of the security of CBRE Global Value Investors' systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause clients, CBRE Global Value Investors or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

*Additional Risks.* Additional risks associated with real estate development activities include the following: an Investment Fund may abandon development activities after expending resources to determine their feasibility; the construction cost of a project may exceed original estimates; occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable; financing may not be available on favorable terms for development of a property; and the construction and lease up of a property may not be completed on schedule (resulting in increased debt service and construction costs) (in all cases including risks beyond the control of the applicable general partner, such as weather or labor conditions or

material shortages). Development activities are also subject to risks relating to inability to obtain, or delays in obtaining, necessary zoning, land-use, building occupancy and other required governmental permit or regulatory authorizations. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on an Investment Fund. If any of the above occurs, the ability of a fund to make distributions to its underlying investors could be adversely affected. In addition, new development activities, regardless of whether they are ultimately successful, may require a substantial portion of management's time and attention, and market conditions may change during the course of development that make such development less attractive than at the time it was commenced.

## 9. Disciplinary Information

Item 9 is not applicable to CBRE Global Value Investors

## 10. Other Financial Industry Activities and Affiliations

### CBRE Group

As noted above, CBRE Global Value Investors is an indirect, wholly owned subsidiary of CBRE. CBRE is a leading diversified commercial real estate services firm, with operating divisions or subsidiaries in commercial real estate brokerage, mortgage banking, appraisal, property management and investment management.

### Affiliations Generally

CBRE Global Value Investors is affiliated with several types of entities, including but not limited to:

- Broker-dealer
- Investment adviser
- Real estate broker
- General partners

Many of these affiliations are not material to our advisory business or our clients. Significant affiliations are identified in our Form ADV Part 1.

### Broker-Dealer

A small number of employees are also registered representatives of a FINRA-registered affiliated broker-dealer, CBRE Capital Advisors, Inc., and market limited partnership and similar interests in Investment Funds sponsored by CBRE Global Investors. See Item 12 for additional information regarding CBRE Capital Advisors.

### Investment Advisers

Our parent company, CBRE Global Investors, is an investment adviser registered with the SEC. CBRE Global Investors and CBRE Global Value Investors share centralized back-office, administrative, and compliance personnel. Additionally, CBRE Global Investors has additional relying advisers that are deemed registered with the SEC.

#### Real Estate Related Service Providers

On behalf of clients, CBRE Global Value Investors often engages affiliates for investment sales, property management, leasing, debt financing, fund accounting, reporting, performance and other services from time to time. We believe that the affiliation with CBRE and access to the CBRE platform is a benefit that our clients expect. However, having multiple affiliates that are in the real estate services business may give rise to a conflict of interest if CBRE Global Value Investors has discretion to select, or is responsible for recommending to a client, service providers that are affiliates. See Items 5 and 11 for additional information regarding the use of affiliated service providers.

#### General Partners and Related Entities

CBRE Global Value Investors forms affiliates to act as the general partner, adviser, manager or similar role for particular Investment Funds.

#### Potential Conflicts

For a description of certain conflicts of interest created by the relationships among CBRE Global Value Investors and the parties described above, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

#### Code of Ethics

CBRE Global Value Investors has adopted a written Code of Ethics (the "Code") in its Investment Management Policies and Procedures which is in compliance with its obligations as a registered investment adviser with the SEC. The Investment Management Policies and Procedures is applicable to and is made available to all employees. Among other things, the Investment Management Policies and Procedures requires CBRE Global Investors and CBRE Global Value Investors and their employees, to act in clients' best interests and abide by all applicable regulations and it prohibits insider trading. All employees are required to make annual certifications certifying that they are in compliance with the Investment Management Policies and Procedures. Clients and prospective clients may review a copy of the Code by contacting CBRE Global Value Investors at the address or telephone number listed on the first page of this document.

Pursuant to the Code, certain supervisory persons are required to (1) report personal securities transactions on at least a quarterly basis, (2) provide a detailed summary of certain holdings and securities accounts (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest, and (3) pre-clear acquisitions of securities in IPOs or private placements. From time to time, securities of certain public companies are placed on a "restricted list" with such supervisory persons being restricted from trading in such securities without pre-clearance from the Compliance Department.

#### Participation or Interest in Client Transactions

CBRE Global Value Investors solicits investments from existing investors in new investment vehicles it sponsors. The decision whether or not to invest is made by the investor or an independent fiduciary or consultant of the investor.

In order to further align our interests with those of investors in our Investment Funds, CBRE Global Value Investors (or its affiliates, principals or employees) typically invests in Investment Funds alongside investors, in amounts up to 3% of the Investment Fund's equity, and subject to a dollar cap. An Investment Fund or its general partner (or analogous party) may reduce all or a portion of the management fee and performance fee payable with respect to investments made by CBRE Global Value Investors (or its affiliates, principals or employees).

CBRE Global Value Investors, its affiliates, members, officers, principals and employees from time to time may buy or sell securities or other instruments that we have recommended to clients. In addition, officers and employees may also buy securities in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of clients. Such transactions are subject to CBRE Global Investors' Investment Management Policies and Procedures (which contains the Code). The investment policies, fee arrangements and other circumstances of these investments may vary from those of clients. If officers, principals and employees of CBRE Global Value Investors have made large capital investments in or alongside clients, they may have conflicting interests with respect to these investments.

Please see Item 6 – Performance-Based Fees and Side-by-Side Management for additional information regarding our receipt of performance-based fees. Compensation of our senior management, and principal fund managers, is based in part on our success in receiving these fees.

Pursuant to the Advisory Agreements, the general partner (or analogous party) may be required to return excess amounts of carried interest to the Investment Fund via a “clawback”. This clawback obligation may create an incentive for the general partner (or analogous party) to defer disposition of one or more investments or delay the liquidation of an Investment Fund if a more immediate disposition and/or liquidation would result in a realized loss to the Investment Fund or would otherwise result in a clawback situation for the general partner (or analogous party). Conversely, this clawback obligation may create an incentive for the general partner (or analogous party) to accelerate disposition of one or more investments or the liquidation of an Investment Fund if this would enable the general partner (or analogous party) to receive a carried interest and avoid a clawback obligation even if delaying the disposition or liquidation (and holding the underlying assets for longer) may realize a greater return for the Investment Fund and its underlying investors.

Irrespective of the forgoing, CBRE Global Value Investors believes that it has a strong incentive to achieve maximum returns to investors over the long term/life of the Investment Fund.

#### Management of Clients

CBRE Global Value Investors advises a number of clients that have investment objectives similar to each other. CBRE Global Value Investors may in the future establish one or more additional Investment Funds with investment objectives substantially similar to, or different from, those of current clients. Allocation of available investment opportunities between the clients and any such other clients could give rise to conflicts of interest. In addition, it is expected that employees of CBRE Global Value Investors responsible for managing a particular client will have responsibilities with respect to other clients managed by CBRE Global Value Investors, including future clients. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

### Fee Structure

Because certain Transaction Fees are based upon the purchase price of an asset, this fee structure may create an incentive to invest capital in an asset when CBRE Global Value Investors may not otherwise have done so for another client or in situations which may not be in the best interests of the client.

For advisory fees that are based on invested capital, the fee structure may create an incentive to deploy capital when CBRE Global Value Investors may not otherwise have done so and CBRE Global Value Investors may receive the same level of fees even if the fair market value of the assets have otherwise decline, there is a drop in tenant occupancy or other adverse conditions on the property.

As discussed above in Item 6, CBRE Global Value Investors is entitled to performance-based compensation under the terms of the Advisory Agreements of certain clients. The existence of the performance-based compensation may create an incentive for CBRE Global Value Investors to cause such clients to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

### Affiliated Service Providers

As discussed above in Item 5, CBRE Global Value Investors retains affiliates, which receive fees and expense reimbursements from the applicable client or Property, as applicable. Such fees and reimbursements are in addition to any management fee or performance-based compensation received by CBRE Global Value Investors.

Advisory Agreements and other client governing documents contain guidance and/or restrictions on the use of affiliated service providers. With respect to Investment Fund clients, the use of affiliated service providers is generally disclosed in the offering document and the independent advisory board of the Investment Fund (described below under "Side Letter Agreements") typically reviews the rates and fees charged by affiliates.

CBRE Global Value Investors endeavors to engage the best service providers in an applicable market (whether affiliates or unaffiliated third parties) with the most competitive fees and rates. Engagement rates and terms when hiring CBRE or its affiliates for services provided to a client or Property will be no less favorable than those of a comparably qualified unaffiliated third party in an agreement negotiated on an arms-length basis in the applicable market. The terms of each CBRE service engagement will provide for rates and terms that are no less favorable than the rates and terms offered similarly situated clients for comparable transactions and services in the applicable market.

### Expense/Fee Reimbursement

Consistent with the Advisory Agreements, CBRE Global Value Investors incurs expenses, and a client may reimburse CBRE Global Value Investors for such expenses (including without limitation travel expenses and meals and entertainment expenses) incurred by CBRE Global Value Investors in connection with its acquiring and disposing of Properties. This creates a conflict of interest between CBRE Global Value Investors and its affiliates and the clients and the Investment Fund investors because the amounts of these fees and reimbursements may be substantial and the clients and their investors generally do not have an interest in these fees and reimbursements.

### Diverse Membership

Investors in the Investment Funds may have conflicting investment, tax and other interests with respect to their investments in an Investment Fund. The conflicting interests among the investors may relate to or arise

from, among other things, the nature of investments made by an Investment Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by CBRE Global Value Investors or its affiliates, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for an Investment Fund, CBRE Global Value Investors and its affiliates will consider the investment and tax objectives of the applicable Investment Fund, not the investment, tax or other objectives of any investor individually.

#### Side Letter Agreements

CBRE Global Value Investors from time to time enters into side letter arrangements with certain investors in an Investment Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information and reporting rights, co-investment rights, and liquidity or transfer rights. Except as otherwise agreed with an investor, CBRE Global Value Investors and its affiliates are not required to disclose the terms of side letter arrangements with other investors in the same Investment Fund.

Generally, each Investment Fund has established an advisory board, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory board. The advisory board may also have the ability to approve conflicts of interests with respect to CBRE Global Value Investors and the applicable Investment Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory board.

#### Other Potential Conflicts

CBRE Global Value Investors and its clients have in the past and may in the future engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent Investment Funds may also represent one or more investors in an Investment Fund. In the event of a significant dispute or divergence of interest between clients and CBRE Global Value Investors, the parties may engage separate counsel in the sole discretion of CBRE Global Value Investors, and in litigation and other circumstances separate representation may be required. Additionally, CBRE Global Value Investors and its clients from time to time engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to CBRE Global Value Investors or clients. This may result in CBRE Global Value Investors or certain of its clients receiving a more favorable rate on services provided to it by such a common service provider than those payable by other clients, or CBRE Global Value Investors receiving a discount on services even though its clients receive a lesser, or no, discount. This creates a conflict of interest between CBRE Global Value Investors, on the one hand, and the clients, on the other hand, in determining whether to engage such service providers, including the possibility that CBRE Global Value Investors may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the clients.

#### Maintaining Industry Relationships

In order to provide the quality of services that clients expect, we believe it is necessary for us to establish, maintain and enhance relationships with professionals in the real estate industry, such as attorneys,



consultants, title companies, brokers and other service providers and professionals (collectively, "Relationship Parties"). Establishing meaningful and long-term relationships can be important factors in our ability to provide a high level of service to our clients. We and many Relationship Parties value important and long-standing relationships, and as such, we and our employees from time to time may invite, or be invited by, Relationship Parties to participate in activities, such as sporting and networking events, concerts, golf and other outdoor outings and other recreational activities, and may give or receive gifts related to attendance or participation in such activities (collectively, "Events").

The primary benefits that we and our clients receive from our sponsorship and participation in these Events is to establish and further strengthen our relationships within Relationship Parties. We believe that working to have such relationships is important to help ensure that we are provided with the opportunity to capitalize upon active sources of investment opportunities, as well as to receive critical and reliable services and information. While we believe employee sponsorship or participation in these Events is beneficial to clients for the reasons described above, our subsequent selection and retention of such Relationship Parties as service providers could be viewed as a form of reimbursement for attending such Events, and we may have an incentive to select service providers based on the expectation of receiving gifts or invitations to future Events. Notwithstanding that potential conflict of interest, we recognize and acknowledge our fiduciary duty to our clients, and have adopted policies and procedures designed to help prevent any Event from influencing our decision to hire or retain a service provider or to engage in any transaction on behalf of a client. Our policies and procedures require all gifts and entertainment valued in excess of certain thresholds to be pre-approved in writing by our Compliance Department and the head of the applicable business unit.

## 12. Brokerage Practices

On behalf of clients, CBRE Global Value Investors engages service providers as described in Item 5 above. CBRE Global Value Investors may have the discretion (under the applicable Advisory Agreements) to hire these service providers, including real estate brokers and to determine the commissions paid to those brokers. Because CBRE Global Value Investors is affiliated with a real estate brokerage company, limitations are sometimes imposed on CBRE Global Value Investors' ability to hire any affiliated brokerage companies. Commissions and other fees are not affected by the research used in the investment process. See also Item 11 for an additional discussion of our selection of affiliates as service providers for client transactions.

In engaging brokers and service providers, the CBRE Global Value Investors investment team seeks to select the best service provider at a competitive fee structure. The team considers a number of selection criteria when deciding on the hiring of a service provider, including, but not limited to: recent experience in the local market and property type, both user and investor; depth and breadth of regional and national experience; team knowledge and capabilities; conflicts of interest; prior experience with the team and/or company; pricing analysis and recommendations; fee proposal; and preferences from counterparty (whether it is a seller, lender or joint venture party). Upon completion of the broker selection process, the team leader or the responsible asset manager will select a qualified broker and will execute an agreement (e.g. listing agreement).



### 13. Review of Accounts

CBRE Global Value Investors is an investment manager of real estate and real estate related investments on behalf of clients. In that capacity, CBRE Global Value Investors is involved on a day to day basis in directly managing real estate related assets of its clients. No particular factor triggers review of assets. Each client portfolio is assigned to one or more portfolio manager(s) who are involved in supervising the management of the portfolio. In effect, the account is continuously under review.

See Item 8 for a further description of our Investment Committees, which review certain investment decisions.

Generally, CBRE Global Value Investors provides quarterly reports to each investor, which include a quarterly summary of financial information about investments owned by the fund. Annually, investors in Investment Funds receive a detailed financial statement together with such other information as is reasonably necessary in the judgment of CBRE Global Value Investors to advise investors in Investment Funds regarding the results of related operations. Annual statements are generally audited by a nationally recognized accounting firm.

### 14. Client Referrals and Other Compensation

CBRE Global Value Investors' affiliated broker-dealer, CBRE Capital Advisors, provides marketing services for certain of the Investment Funds and supervises certain personnel of CBRE Global Investors that are also registered representatives of CBRE Capital Advisors. For these services, CBRE Capital Advisors receives a fixed fee from CBRE Global Investors that is not contingent on subscriptions or investments made by investors in the Investment Funds. The Investment Funds are not assessed any fee and do not pay the expenses of CBRE Capital Advisors in connection with these activities. Other than CBRE Capital Advisors, CBRE Global Value Investors does not utilize the services of any third party marketer or placement agent to market its Investment Funds. CBRE Global Value Investors has occasionally utilized such services in the past when marketing Investment Funds. In each instance, the third party placement agent was compensated by CBRE Global Investors or CBRE Global Value Investors, and neither the investors nor the Investment Funds paid any fees. In addition, property managers, including affiliates, are typically able to use office space at properties without paying rent.

Please see Item 11 for information on certain additional conflicts of interest that arise when selecting and retaining certain Relationship Parties as service providers for clients.

### 15. Custody

In order to comply with Rule 206(4)-2 under the Advisers Act, CBRE Global Value Investors has procedures requiring that all Investment Funds are audited by a third party accounting firm no less frequently than annually and sends the audited financial statements to all investors within 120 days of the Investment Fund's fiscal year end.

## 16. Investment Discretion

An Investment Fund for which we have discretionary authority over investment acquisitions, financing and dispositions, directly or indirectly, is referred to as a “Discretionary Fund” or a “Discretionary Account”. Our Investment Funds are discretionary.

As described in more detail under Item 5 above, CBRE Global Value Investors generally has investment discretion, under the Advisory Agreements, to hire service providers. Because CBRE Global Value Investors is affiliated with a large real estate services provider, limitations are imposed on CBRE Global Value Investors' ability to select its affiliates. As noted in Item 11 above, some Advisory Agreements permit the advisory board of an Investment Fund to review or approve fees paid to affiliated brokers, property managers and other service providers.

For funds that have granted discretionary authority to CBRE Global Value Investors, this authority is typically assumed through the constituent documents of an Investment Fund it advises.

## 17. Voting Client Securities

Other than through its CBRE Global Investment Partners and CBRE Clarion platforms, clients of CBRE Global Value Investors typically do not purchase securities that require voting.

We have policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interests of our clients and to recognize and resolve any material conflicts of interest that may arise in the course of such voting. To the extent CBRE Global Value Investors has discretion over client securities, the following guidelines are observed in exercising any voting responsibilities: (1) employees making any voting decisions will consult the relevant client’s voting provisions, (2) securities will be voted in the best interest of the client, (3) the Chief Compliance Officer will check for any conflicts of interest with CBRE Global Value Investors, (4) independent third party voting services may be used, and (5) the Chief Compliance Officer keeps a record of votes and conflicts check results. The Chief Compliance Officer will use his best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his independent assessment of the best interests of the relevant client.

Clients generally cannot direct our vote.

Clients may request additional information regarding how we have voted on specific proxies, or a copy of our proxy voting policies and procedures, by sending a written request to the attention of the Chief Compliance Officer, at CBRE Global Value Investors, LLC, 515 S. Flower Street, 31st Floor, Los Angeles, California, 90071 or via facsimile at (213) 683-4301.

## 18. Financial Information

Item 18 is not applicable to CBRE Global Value Investors.