

Part 2A of Form ADV: *Firm Brochure*

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March 31, 2011

This brochure, dated March 31, 2011 (this "Brochure"), provides information about the qualifications, investment strategies and business practices of Heitman International Real Estate Securities GmbH ("HIRES GmbH", the "Firm"), an investment adviser registered with the U.S. Securities and Exchange Commission (the "SEC"). Please note that SEC registration status does not indicate a particular level of skill or training of the Firm or its employees and that neither the SEC nor any state securities authority has approved this Brochure.

The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

If you have any questions about the contents of this Brochure, please contact us at 312-855-6523 or by email at Roger.Smith@heitman.com. Additional information about the Firm is also available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number or our Firm's name. The Firm's CRD number is 143681.

Item 2 Material Changes

The Firm is providing you with this Brochure in compliance with the SEC's new disclosure rules, adopted in July 2010, under the Investment Advisers Act of 1940 (the "Advisers Act"). As you will see, this Brochure is now a narrative that is substantially different in form and includes some new information that the SEC did not previously require the Firm to disclose.

Initial and future versions of this Brochure will provide you with a summary of the Firm's qualifications, investment strategies, and business practices. They will also inform you of material changes to such information.

You will receive updated brochures that include a summary of any material changes to this and subsequent Brochures within 120 days of the close of the Firm's fiscal year. You may also receive interim disclosures about material changes as necessary.

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Item 4 Advisory Business

Background

The Firm is an SEC-registered investment adviser that has been in business since 2007 and has its principal place of business in Munich, Germany. Please note that SEC registration status does not indicate a particular level of skill or training of the Firm

Ownership Structure

The entities controlling 25% or more of the Firm are:

- Heitman LLC (“HLLC”), Sole Member of Heitman International Real Estate Securities GmbH

In addition, the following information identifies those entities that directly (“D”) or indirectly (“I”) own 25% or more of HLLC:

- KE I LLC, Member of HLLC (D);
- Old Mutual (HFL) Inc., Member of HLLC (D);
- Old Mutual (US) Holdings Inc., 100% shareholder of Old Mutual (HFL) Inc. (I);
- OM Group (UK) Limited, 100% shareholder of Old Mutual (US) Holdings Inc. (I); and
- Old Mutual Plc, 100% shareholder of OM Group (UK) Limited (I).

Other Related Entities

Entities that are direct and indirect subsidiaries of HLLC are disclosed in Section 7A of Schedule D of our Form ADV Part I. This includes all registered investment adviser and broker-dealer affiliates as well as non-US investment advisers that are not registered with the SEC. There are other affiliates of Old Mutual (HFL) Inc. that are investment advisers but are not listed in Section 7A because (i) we have no business dealings with any of these advisers, (ii) we do not conduct joint operations with any of these advisers, (iii) we do not provide advice that is formulated, in whole or in part, by any such adviser, and (iv) none of these advisers present any potential for conflict of interest with our clients.

Investment funds (the “Funds”) sponsored by the Firm and its affiliates are reported on Section 7B of Schedule D of the Firm’s Form ADV. Additionally, the Firm and its affiliates create limited partnerships or similar pooled investment vehicles which are comprised of one or more investors. Similar to the Funds, the Firm and its affiliates may act as general partner, as managing partner, or in a similar capacity and serve as the investment adviser for these investment entities. These entities exist for the purpose of facilitating certain investments in real estate on behalf of clients and are not pooled investment vehicles for multiple investors. This type of structure is common for real estate investments and is typical for tax efficiency and limited liability reasons.

Advisory Services

Our Firm provides investment advice and investment management services with respect to investments in equity, convertible and debt instruments of publicly traded European real estate related companies.

In connection with the provision of the services described above, our Firm provides continuous advice to clients regarding the investment of client funds based on each client's stated objectives and strategies. Through direct discussions with each client from which investment goals and objectives are identified, we implement an investment policy that is documented in a separately negotiated investment management agreement.

Our Firm may provide advisory services to commingled funds, pension and profit sharing plans, and institutional separate account portfolios managed for the benefit of business and institutional entities and individuals. From time to time our Firm offers advisory services on a per engagement basis.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives as set forth in each client's investment management agreement (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, industry sectors, or other factors such as geographic location and social concerns.

Our investment management is generally limited to securities of publicly traded real estate related companies. Such securities may be in one or more of the following categories:

- Exchange-listed securities
- Securities traded in over-the-counter markets
- Foreign issuers
- Warrants

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives.

Our Firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed for a particular investment goal.

PUBLICATION OF PERIODICALS

Our Firm and/or its affiliates publishes periodic reports, newsletters, and similar documents providing general information on various financial topics including, but not limited to, market trends, economic conditions, conclusions based on independent research, etc. No specific investment recommendations are provided in this material and the information provided does not purport to meet the objectives or needs of any investor. This material is distributed to our advisory clients. No fee is charged for such publications.

AMOUNT OF MANAGED ASSETS

As of 12/31/2010, we were actively managing US\$26 million of clients' assets on a discretionary basis.

Item 5 Fees and Compensation

Asset Management Fees

The annualized portfolio management fees are charged as a percentage of assets under management, typically calculated on a monthly basis and as described in more detail below based upon the investment strategy and size of account.

Fees are negotiable and are generally paid quarterly in arrears. The Firm may, on rare occasions, also accept most favored nations clauses under certain circumstances. The Firm may also be compensated on an incentive fee basis with fees calculated on performance as well as assets under management. The basic fee schedule for separately managed accounts, by strategy, subject to client negotiation, is presently as follows:

Global Diversified Strategy – the Global Diversified Strategy objective is to seek a high total return through a diversified portfolio of REIT and REIT-like listed companies in selected markets across the world.

Fee Schedule for Global Diversified Strategy Separately Managed Accounts

The detailed fee structure is as follows:

<u>Net Assets</u>	<u>Annualized Fee</u>
Up to and including \$10 million (mil)	0.75%
More than \$10 mil but not more than \$25 mil	0.75% on the first \$10 mil and 0.65% on the balance over \$10 mil.
More than \$25 mil but not more than \$50 mil	0.75% on the first \$10 mil; 0.65% on the next \$15 mil; and 0.60% on the balance over \$25 mil
More than \$50 mil but not more than \$75 mil	0.75% on the first \$10 mil; 0.65% on the next \$15 mil; 0.60% on the next \$25 mil; and 0.55% on the balance over \$50 mil.
More than \$75 mil but not more than \$100 mil	0.75% on the first \$10 mil; 0.65% on the next \$15 mil; 0.60% on the next \$25 mil; 0.55% on the next \$25 mil; and 0.50% on the balance over \$75 mil.
More than \$100 mil	0.75% on the first \$10 mil; 0.65% on the next \$15 mil; 0.60% on the next \$25 mil; 0.55% on the next \$25 mil; 0.50% on the next \$25 mil; and 0.45% on balance over \$100 mil.

Global Focused Strategy - The Global Focused Strategy objective is to seek a high total return with only moderate risk in a concentrated portfolio of REIT and REIT-like listed companies in selected markets across the world.

**Fee Schedule for Global Focused
Strategy Separately Managed Accounts**

The detailed fee structure is as follows:

<u>Net Assets</u>	<u>Annualized Fee</u>
Up to and including \$10 million (mil)	0.85%
More than \$10 mil but not more than \$25 mil	0.85% on the first \$10 mil and 0.75% on the balance over \$10 mil.
More than \$25 mil but not more than \$50 mil	0.85% on the first \$10 mil; 0.75% on the next \$15 mil; and 0.70% on the balance over \$25 mil
More than \$50 mil but not more than \$75 mil	0.85% on the first \$10 mil; 0.75% on the next \$15 mil; 0.70% on the next \$25 mil; and 0.65% on the balance over \$50 mil.
More than \$75 mil but not more than \$100 mil	0.85% on the first \$10 mil; 0.75% on the next \$15 mil; 0.70% on the next \$25 mil; 0.65% on the next \$25 mil; and 0.60% on the balance over \$75 mil.
More than \$100 mil	0.85% on the first \$10 mil; 0.75% on the next \$15 mil; 0.70% on the next \$25 mil; 0.65% on the next \$25 mil; 0.60% on the next \$25 mil; and 0.55% on balance over \$100 mil.

Europe Strategy – The Europe Strategy objective is to provide a total return over the benchmark over a three to five year investment horizon. The portfolio consists predominantly of Europe-listed REIT and REIT-like securities.

The annual charge for the Europe Strategy is 20 to 50 basis points per annum. The fee is calculated on the average portfolio and based on the value provided for unit price calculations by the custodian to the client and the Manager at the close of business on Friday, and if Friday is not a business day, then the last preceding business day.

The terms and conditions of the fee structure for all clients and any strategy are mutually agreed upon prior to entering into an advisory agreement.

Account Management Fees: Our Firm's practice is to provide invoices to the client, and in some cases to the client's custodian, generally on a quarterly basis using the fee structures described above. Such fees are typically paid to the Firm by the custodian or other client designee.

Incentive Fees: It is possible that some clients may pay the Firm performance-based compensation ("Incentive Fees"). If such a fee were present it would be calculated based on a percentage of the net profits of the account(s) on a frequency mutually agreed upon with the client.

Because each incentive fee is negotiated with each individual client and is impacted by factors such as the strategy and amount of fixed asset management fees, there is no typical percentage to be noted.

In instances in which our Firm's investment management services are provided primarily or solely utilizing an Incentive Fee based compensation schedule, advisory clients should recognize that such fee arrangements could create an investment conflict. There is an inherent conflict of interest to engage in riskier investments with greater potential profitability.

Clients who elect to terminate their contracts will be charged a performance-based fee based on the performance of the account for the measuring period going back from the termination date and pro-rated from the date on which the performance-based fee was last assessed, unless otherwise stated in the client agreement.

Incentive Fees would be calculated based upon the specific terms of the investment management agreement. As such, we may receive increased compensation with regard to unrealized appreciation as well as unrealized gains in the client's account.

PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF RULE 205-3 OF THE INVESTMENT ADVISERS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS. THE FEES WILL NOT BE OFFERED TO ANY CLIENT RESIDING IN A STATE IN WHICH SUCH FEES ARE PROHIBITED.

Limited Negotiability of Advisory Fees: Although the Firm has established the fee schedule(s) above, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client mandate, amount of assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the Firm and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our Firm.

GENERAL INFORMATION

Termination of the Advisory Relationship: Generally, an investment management agreement may be canceled at any time, by either party, for any reason upon receipt of between 30 and 90 days written notice. Upon termination of any account, any unearned fees will be promptly refunded in accordance with the investment management agreement.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

ERISA Accounts: The Firm is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our Firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, our Firm may only charge fees for investment advice about products for which our Firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our Firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset our Firm's advisory fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Brokerage Fees or Costs: Item 12 of this Brochure provides a detailed discussion of the Firm's brokerage practices and related cost or fees.

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

PERFORMANCE-BASED FEES

As we disclosed in Item 5 of this Brochure, our Firm may enter into an investment management agreement that includes a performance-based fee from the client, in addition to the asset management fee. Such a performance-based fee is calculated in accordance with the investment management agreement which may be based on capital appreciation of the assets of the client and dividends.

Clients should be aware that performance-based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Furthermore, as we may also have clients who do not pay performance-based fees, we could have an incentive to favor accounts that do pay such fees because compensation we would receive from these clients is more directly tied to the performance of their accounts. However, inasmuch as all client accounts using the same strategy are traded in a consistent manner

which is dictated by the model portfolios, the presence of performance fees would not favor such accounts over accounts where such fees are not charged.

Item 7 Types of Clients

Our Firm provides advisory services to commingled funds, pension and profit sharing plans and institutional separate account portfolios managed for business and institutional entities and individuals. From time to time our Firm offers advisory services on a per engagement basis.

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing real estate related client assets:

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Quantitative Analysis. We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

Qualitative Analysis. We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Investment Philosophy. HIREG GmbH provides investment management and advisory services for institutional investors wishing to invest in publicly traded real estate related companies listed on various European exchanges.

HIREG GmbH provides investors with an experienced, disciplined and in-depth investment approach which includes fundamental securities analysis. It seeks for its clients those investments which will outperform established benchmarks by purchasing securities of companies with superior growth prospects or securities that are undervalued.

The investment horizon of HIREG GmbH is intermediate to long-term. The nature of the underlying real estate assets dictates this approach. However, HIREG constantly reevaluates each position in terms of national and local economic conditions, rents, occupancy levels and competition, and changes in management strategies.

Sources of Information. An important part of HIREG GmbH's analysis is individual property site visits. Properties are analyzed to determine underlying economic values, the consistency and quality of cash flow, the potential for growth thorough re-leasing or physical enhancement, and their ability to positively leverage through debt. HIREG GmbH maintains contact with industry sources such as bankers, real estate brokers, property managers, local real estate investors and appraisers to access individual properties and local real estate trends.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued; and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

RISK OF LOSS

Securities investments are not guaranteed and you may lose money on your investments. During the process of preparing each client's Investment Management Agreement ("IMA"), the Firm identifies each client's tolerance for risk in conjunction with the investment objectives.

Volatility of Investment Results. As with any investment in equity securities, the value of an investment in any of the Firm's strategies and the total return on an investor's investment are subject to the possibility that subject portfolio of investments will experience sudden, unpredictable drops in value or long periods of decline in value. This may occur because of factors that affect the securities markets generally, such as adverse changes in economic conditions, the general outlook for corporate earnings, interest rates or investor sentiment. The Firm's investments may also lose value because of factors affecting an entire industry or sector, such as increases in production costs, or factors directly related to a specific company, such as decisions made by its management.

Concentration of Portfolio. The various strategies executed by the Firm may result in the concentration in a limited number of securities, or one security may constitute a significant percentage of a particular portfolio. A decline in the value of a security or securities in which the portfolio holds a concentrated interest could substantially affect the value of the portfolio overall.

Risks of Investing in Foreign Securities. Some of the Firm's strategies may require investing in foreign securities that will be subject to risks not typically associated with domestic securities. Although ADRs and GDRs are alternatives to directly purchasing the underlying securities in their national markets and currencies, they are also subject to many of the risks associated with investing directly in foreign securities. Foreign investments can be riskier and more volatile than investments in U.S. securities as a result of varying custody, brokerage and settlement practices, difficulty in pricing of securities, less public information about issuers of non-U.S. securities, less governmental regulation and supervision of the issuance and trading of securities, the possibility of expropriation or nationalization, adverse political, social or diplomatic developments, the imposition of withholding and other taxes, limitations on the movement of funds between different countries, and difficulties in invoking legal process abroad and enforcing contractual obligations. Changes in the value of foreign currencies can make it more difficult for the portfolio holding such securities to sell its securities and could reduce the value of an investment in the portfolio

Conflicting Interest of Clients. The Firm's clients may have conflicting tax and other interests with respect to their investments. The conflicting interests of individual clients may relate to or arise from, among other things, the timing of investments by the Firm and the taxable or tax-exempt status of individual clients. As a consequence, potential conflicts of interests may arise in connection with decisions made by the Firm, including with respect to the timing of making or disposing of investments, that may be more beneficial for one client than for another client, especially with respect to each client's individual tax situation.

Strategy May Not Be Successful. No guarantee or representation can be made that the investment strategy utilized on behalf of any client will be successful, that there will be profits, or that losses will be avoided. There is no assurance that the Firm or its sub-advisers will

correctly evaluate the nature and magnitude of the various factors that could affect the prospects of the Firm's trading.

Potential Loss of Invested Capital. A client could lose all or substantially all of its investment managed by the Firm. Investment in the previously described strategies are only suitable for investors willing to accept this risk. Prospective investors should carefully consider their portfolio objectives and their need to minimize the risk of large losses in evaluating an investment in the Interests. The past investment performance of the Firm should not be construed as an indication of the future results of an investment managed by the Firm.

Dependence on Affiliated Advisers and their Officers. The Firm and any affiliated advisers have discretionary investment authority over the clients' investments. The success of these investments will depend upon the ability of the Firm and any of its affiliated advisers that are utilized to successfully implement their investment strategies. A client's investment performance will be dependent on the services of a limited number of officers of the Firm and its affiliated advisers. If the services of the officers were to become unavailable to the Firm and its affiliated advisers, the result of such a loss of key management personnel could be substantial losses for the Firm's clients

Real Estate Securities. The Firm concentrates its investments in real estate securities. An investment made by the Firm on behalf of its clients will not constitute a diversified investment program. Real estate securities are susceptible to the risks associated with direct ownership of real estate, including, without limitation, declines in property values; increases in property taxes, operating expenses, interest rates or competition; overbuilding; zoning changes; risks related to general and local economic conditions; eminent domain; fluctuations in rental income; changes in neighborhood values; the appeal of properties to tenants; and losses from casualty or condemnation.

Real estate companies may be affected by changes in the value of the underlying property they own and by the quality of credit extended. Such companies also are subject to heavy cash flow dependency, defaults by borrowers, self-liquidation and the possibility of failing to qualify for tax-free pass-through of income under applicable income tax regulations in the jurisdiction of the companies.

Credit Risk. Real estate companies may be highly leveraged and financial covenants may affect the ability of real estate companies to operate effectively. The companies in which the Firm invests are subject to risks normally associated with debt financing. In addition, a real estate company's obligation to comply with financial covenants, such as debt-to-asset ratios and secured debt-to-total asset ratios, and other contractual obligations may restrict the company's range of operating activity. A real estate company in which the Firm invests, therefore, may be limited from incurring additional indebtedness, selling its assets and engaging in mergers or making acquisitions which may be beneficial to the operation of the company.

Environmental Considerations. In connection with the ownership (direct or indirect), operation, management and development of real properties that may contain hazardous or toxic substances, a real estate company may be considered an owner or operator of such properties or as having arranged for the disposal or treatment of hazardous or toxic substances and, therefore, may be potentially liable for removal or remediation costs, as well

as certain other costs, including governmental fines and liabilities for injuries to persons and property. The existence of any such material environmental liability could have a material adverse effect on the results of operations and cash flow of any such real estate company and, as a result, the amount available to make distributions on its shares could be reduced.

Small and Medium Capitalization Companies. Even the larger real estate companies in the industry tend to be small to medium-sized companies in relation to the equity markets as a whole. This may be especially true for those companies located outside of the United States. There may be less daily trading volume in a smaller company's stock, which means that buy and sell transactions in that stock could have a larger impact on the stock's price than is the case with larger company stocks. Further, smaller company stocks may perform in different cycles than larger company stocks. Accordingly, real estate company shares can be more volatile than, and at times will perform differently from, the shares of "blue chip" companies.

Reliance on Portfolio Models. If there is an error in the design of a portfolio model which is not detected, there is a risk that the client accounts would not be traded in accordance with the client's investment objectives.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our Firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

The following business activities are conducted by Heitman affiliates:

Heitman Securities LLC ("HSL") is a registered broker-dealer and member of the Financial Industry Regulatory Authority. Heitman UK Limited ("HUK") is a broker-dealer registered with the United Kingdom's Financial Services Authority. From time to time, the Firm may utilize the services of HSL or HUK as a placement agent for security offerings of real estate Entities.

Several related persons of Heitman Capital Management LLC are registered representatives or approved persons of these registered broker-dealers. These persons do not receive direct compensation for their broker-dealer or internal affiliated placement agent duties.

The Firm, Heitman International Real Estate Securities Pty Limited ("HIRES Pty") and Heitman Real Estate Securities LLC ("HRES") are SEC registered investment advisers which manage portfolios composed of publicly traded equity securities of real estate investment trusts. HIRES Pty and HRES from time to time will draw upon the market research capabilities of the Firm's parent in making its portfolio selections.

Heitman Financial Services LLC ("HFSL"), a wholly owned subsidiary of Heitman LLC (which is also the Firm's parent entity) and Heitman California Financial Services G.P., Inc. ("HFSL-California"), an affiliate of HFSL, were formed for the purpose of arranging secured and unsecured financing for owners of commercial real estate, the latter solely in connection with real estate located in the State of California. HFSL's and HFSL-California's customer bases consist almost exclusively of entities which are neither clients of the Firm nor affiliates of such

clients. It is, however, possible that one or more clients of the Firm owning a commercial real estate project might wish to retain HFSL or HFSL-California to render services on their behalf with respect to the sale and/or financing of that project or an ownership interest therein in return for a negotiated fee.

Other pooled investment vehicle(s):

A list of affiliated entities is available on Schedule D of Form ADV, Part 1 at Item 7.B. Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

The affiliations referred to above may present potential conflicts of interest such as the use and availability of inside information and separation of duties for employees within the Firm and those in affiliates, HIRES GmbH is required to act in each client's best interests and to deal with client assets in such a manner as to benefit the client (not to benefit HIRES GmbH, HIRES GmbH's affiliates or any employee, officer or other person associated with HIRES GmbH or its affiliated companies). HIRES GmbH prohibits transactions between any client account and HIRES GmbH, or any officer, employee or other person associated with HIRES GmbH or any affiliated company, without the approval of the client involved in the transaction, as evidenced by appropriate documents. This prohibition means, among other things, that HIRES GmbH will not, without such approval(s), knowingly cause any account it manages to buy any securities or other property from, or sell any securities or property to, HIRES GmbH itself, any company affiliated with HIRES GmbH or any officer, employee or other person associated with HIRES GmbH. This prohibition does not, however, prevent HIRES GmbH or its personnel from investing in pooled investment vehicles for which HIRES GmbH or an affiliated company is a general partner, managing member, adviser or sub-adviser.

We have established written policies and procedures for preventing insider trading that prohibit any member, officer or employee of our Firm, from buying, selling or recommending the securities of companies bought, sold or recommended by our Firm where the decision is substantially derived, in whole or in part, by reason of access to the recommendations of our Firm to its clients.

Furthermore, conflicts of interest may arise where HIRES GmbH or its employees have reason to favor the interests of one client over another client (e.g., larger accounts over smaller accounts, accounts compensated by performance fees over accounts not so compensated, accounts in which employees have made material personal investments, accounts of close friends or relatives of employees). All personnel are prohibited from engaging in inappropriate favoritism of one client over another client that would constitute a breach of fiduciary duty. Employees of HIRES GmbH are prohibited from using knowledge about pending or currently considered securities transactions for clients to profit personally, directly or indirectly, as a result of such transactions, including by purchasing or selling such securities. Conflicts raised by personal securities transactions also are addressed in more detail in HIRES GmbH's Code of Ethics. All personal transactions in securities by personnel must be accomplished so as to avoid even the appearance of a conflict of interest on the part of such personnel with the interests of a client.

Affiliated investment advisers of the Firm are available in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on

the Cover Page of this Brochure.)

The Firm and/or its management personnel are related, through common ownership and control, to Heitman Capital Management and Heitman International LLC, companies whose business activities include the creation and packaging of limited partnerships (or similar pooled investment vehicles hereinafter referred to as "entities") for investment purposes. One or more of our related persons may also act as general partner or manager of these entities. A list of these affiliated entities is available on Schedule D of Form ADV, Part 1 at Item 7.B. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Brochure.)

Clients are under no obligation to invest in any of the above described entities or to implement any advisory recommendations.

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

Our Firm has adopted a Code of Ethics which sets forth the high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

HIRES GmbH and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures providing for the review of quarterly securities transactions reports submitted by all of the Firms' access persons as well as initial and annual securities holdings reports submitted by them. Among other things, our Code of Ethics also requires the prior approval or prohibition of certain securities transactions. Our code also contains oversight, enforcement and recordkeeping provisions.

Our Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the express policy of our Firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefitting from transactions placed on behalf of advisory accounts.

Our Code of Ethics further includes the Firm's policy prohibiting the use of material non-public information. All employees are reminded through annual training classes that such information may not be used in any capacity.

A copy of our Code of Ethics is available without charge to our advisory clients and prospective clients. You may request a copy by email sent to Roger.Smith@heitman.com, or by calling us at 312-855-6523

Interest in Client Transactions and Personal Trading

Investor Entities have been established to invest in commingled funds or other real estate related investment ("Investment Entities") formed to develop, acquire, own and/or operate and ultimately sell interests in office, multi-family residential, industrial, specialty sector and/or retail properties located principally in the United States and Europe. The beneficial owners of the Investor Entities in all cases consist of (i) one or more affiliates of a public company, one of whose subsidiaries owns 50% of the Firm's parent entity and (ii) present and former employees of the Firm's parent entity or one of its direct or indirect subsidiaries, one of which is the Firm.

All of the beneficial interests in Investment Entities other than those owned by Investor Entities are owned by institutions unaffiliated with the Firm or any affiliate, which in some instances are also advisory clients of one or more affiliates. In all cases, each client makes the determination as to whether to invest in any Investment Entity. In addition, in all cases the fact that all Investor Entities are, in part, beneficially owned by Investor Entities and affiliates was disclosed to all co-investing Unaffiliated Investors. HIREs GmbH and individuals associated with our Firm are prohibited from engaging in principal transactions.

The Firm may, at times, effect an agency cross transaction for an advisory client, provided that the transaction is consistent with our Firm's fiduciary duty to the client and that all requirements outlined in Rule 206(3)-2 of the Investment Advisers Act of 1940 are met.

Although we do not engage in cross transactions as a normal course of business, it is possible that that a broker-dealer through whom Heitman places transactions may cross the orders.

Item 12 Brokerage Practices

Selection of Brokers

Ongoing portfolio management decisions for discretionary accounts are made by our Firm, including the commission rates at which transactions for client accounts will be effected, with the objective of obtaining the most favorable price and market for the execution of each transaction.

In seeking best execution, our Firm evaluates a wide range of criteria before placing a trade with a broker or dealer, including the broker's commission rates, execution capability, positioning and distribution capabilities, back office efficiency, ability to handle difficult trades, financial stability and prior performance in serving our Firm and its clients. Once our Firm has considered a broker or dealer's ability to provide favorable priced and best execution, our Firm considers whether the broker can provide certain eligible investment research and/or brokerage services.

SOFT DOLLARS

The Firm and/or affiliated public securities investment advisers have agreements with several brokers to obtain in return for directing to such brokers securities transactions for which commissions are paid, various research products and services eligible pursuant to the safe harbor provision of Section 28(e) of the Securities Exchange Act of 1934, as amended. Certain of these agreements provide for "soft dollar" credits whereby the commissions paid by our Firm create "soft dollar" credit which the broker uses to provide research products or services to our Firm. The Firm may also enter into "pooled commission programs" whereby a soft dollar credit pool will be generated from total commission costs. The Firm may then exchange eligible research products and services from credits that accumulate within this pool. Over the past several years, our Firm has obtained [and may continue to obtain] various eligible services in exchange for soft dollar credits, such as an integrated computer program used for research, portfolio accounting, and client portfolio reports. To the extent these uses are not all considered strictly research-related (i.e., a "mixed use" product), our Firm makes an appropriate allocation of the value of the non-research services and pays that amount itself. Clients should be aware that our Firm may have a conflict between its obligations to obtain the best price and execution of the fewest necessary securities transactions and its desire to acquire research services with commission credits ("soft dollars") from the executing brokers. The Firm may also have an incentive to minimize its allocation of the mixed use category, from the 100% soft dollar category since the portion of mixed use assets allocated to hard dollars increases the firm's expenses in the amount of the hard dollars.

Notwithstanding agreements with brokers to obtain research and brokerage services, our Firm will not direct commissions to brokers in recognition of their having provided research, statistical or other related services in excess of commissions other qualified brokers would have charged for handling comparable transactions. However, subject to the requirement of seeking the best execution, our Firm may, in circumstances in which two or more brokers are in a position to offer comparable prices and execution, give preference to brokers which have provided research, statistical and other related services to our Firm for the benefit of all of its clients. The Firm may even pay more than the lowest available commission rate in return for brokerage and research products and services, so long as our Firm makes a good faith determination that the amount of commission paid is reasonable in comparison to the value of brokerage and research products and services provided. Our Firm only uses commissions to pay for brokerage and research products and services consistent with its soft dollar procedures. The brokers with whom our Firm has such agreements may change from time to time.

Research and brokerage services received from such brokers and dealers covers a wide range of topics and services, including basic U.S. economic data, prices of various government securities, company specific information including the EDGAR filings of securities issuers, economic indices, economic outlook, political environment, demographic and social trends, industry analysis, electronic communication of allocation instructions and trade routing.

Brokerage and research services obtained with soft dollars are not necessarily utilized for the specific account that generated the soft dollars. Some clients, including, but not limited to directed brokerage clients, and clients who restrict the use of soft dollars may benefit from the research and brokerage products obtained from soft dollars despite the fact that their trade commissions may not be used to pay for these services and products. Our Firm does not

attempt to allocate the relative costs or benefits of brokerage and research services among clients because it believes that, in the aggregate, the brokerage and research services it receives benefit clients and assists our Firm in fulfilling its overall duties to its clients.

We may use the products or services provided or paid for by broker-dealers in return for execution of securities transactions to service all accounts managed by the Firm and its affiliates, including clients of affiliated advisers, and not just the accounts whose transactions paid for particular products or services. Moreover, it is possible that the accounts whose transactions generate brokerage commissions that are used to pay for products or services may not benefit in any way from them. However, we expect that each client will benefit overall by this practice because each receives the benefit of research services that it might not otherwise receive. To the extent we use broker-dealers who generate soft dollar commissions in order to supply us with research; this constitutes a potential conflict of interest since the Firm might be incentivized to utilize those broker-dealers in order to minimize research expenses for which it would otherwise be responsible.

The Firm may supply proprietary research to the Heitman LLC Client Service - Marketing and Research groups (collectively, the "Support Group") if the Support Group uses the proprietary research solely to assist our Firm in carrying out its investment decision-making responsibilities for its clients. Investment decision-making responsibilities refers to the quantitative and qualitative processes and related tools used by our Firm in rendering investment advice to its clients, including but not limited to financial analysis, trading and risk analysis, securities selection, asset allocation, and suitability analysis. As used here, 'clients' refers to the entity, including but not limited to, a natural person, investment fund, or separate account, designated to receive benefits, including income, from the brokerage generated through security transactions.

Directed Brokerage

The Firm will consider requests by clients to direct brokerage transactions to a particular broker selected by the client. Although the client may in such circumstances receive products and services from the brokers which benefit the client's account, our Firm cannot assure the client that it will receive brokerage commissions equally as competitive as the commission rates our Firm has negotiated with its brokers.

Moreover, the client may forego any benefit from savings on execution costs that our Firm has obtained for its other clients due, for example, to such factors as the ability to negotiate lower rates and the volume of transactions. In such instance, the client directing the brokerage may receive different prices on executions in the same security for the same transaction effected through other brokers. Even if our Firm has limited discretion in selecting brokers for these clients, our Firm will monitor best execution to confirm rates are reasonable and will notify clients if they could be paying less by not directing brokerage.

Global Strategy Accounts

For certain Global Strategy accounts, our Firm has retained affiliated advisers to make the investment decisions with respect to publicly traded real estate securities principally in North America and the Asia-Pacific region. Our Firm has also delegated brokerage discretion for certain Global Strategy accounts to the affiliated advisers, and, therefore, the affiliated advisers have the discretionary authority to determine which broker-dealers will be used when purchasing and selling principally North American and Asia-Pacific securities on behalf of

Global Strategy accounts. For these Global Strategy accounts, our Firm retains investment discretion and brokerage delegation responsibilities.

In selecting brokers to effect purchase and sale transactions, affiliated advisers take into consideration a number of factors, including the overall best execution results to a client, the broker's commissions, financial strength, stability and trade efficiency.

Order Execution and Allocation

The Firm often purchases and sells the same security at the same price and time for more than one client because (i) our Firm generally recommends similar strategies for its various accounts, (ii) our Firm only recommends a limited number of real estate related securities, and (iii) numerous clients have similar investment objectives and similar portfolios. The Firm typically allocates an order among the appropriate accounts on a pro rata, level or sequential basis where the allocation method (pro rata, level or sequential) is chosen to minimize deviation from an average account's weighting. However, in instances when an order is not completely executed on a given day, it may not be in the clients' best interests to allocate a small amount of securities to the accounts. In such cases, The Firm generally will allocate the purchase and sale randomly among the client accounts within the order, not to exceed an average account's weighting by 100 basis points or the Firm's target weight. In cases where the aggregate order is executed in a series of transactions at various prices on a given day, each participating client's proportionate share of such order reflects the average price paid or received with respect to the total order placed for that day. Aggregate or bunch transactions may result in better prices, including lower commission costs and/or better execution for larger orders than single orders with smaller volumes. Our Firm will not aggregate (or "bunch") transactions unless it believes that such aggregation is consistent with its duty to seek the best execution for its clients consistent with the terms of the advisory agreement with each client for which trades are being aggregated. Our Firm has implemented compliance policies and procedures to regularly test client accounts to ascertain whether certain accounts are being treated unfairly. Over time, our Firm believes that its method of bunching orders for client accounts and implementing alternative allocation procedures will not result in any one client being unfairly favored over any other client. Clients that request our Firm direct trades to a particular broker may not benefit from aggregate transactions. Generally, our Firm will use a rotational method of placing and aggregating client orders and will build and fill positions to within a 100 basis point allocation for a designated client or group of clients before placing orders for other clients. For example, if our Firm desired to build positions for more than one client or group of clients, our Firm would typically first place and aggregate orders for a designated type of client (e.g., institutional). Then, our Firm would place and aggregate orders for the next type of client and so on. Within each type of client, our Firm may also use a mini rotational method of placing and aggregating orders. Within a rotation if an order is partially filled, it will be allocated to all participating accounts as indicated in this paragraph.

Trade Allocation

The Firm has implemented compliance policies and procedures to regularly test client accounts to ascertain whether certain accounts are being treated unfairly. For example, the trader and/or DCO (or DCO's designee) regularly reviews partial trade allocations to confirm that one category of clients is not being advantaged or disadvantaged, and the portfolio manager(s) reviews performance dispersion, which may occur over time among accounts with a similar strategy that utilize a rotational allocation method. Exceptions to the rotational allocation method will be documented by the DCO (or DCO's designee). Proprietary accounts

and accounts that have a performance-based fee are treated the same as other client accounts when trade allocations are made.

IPOs and secondary offerings ("Offerings") of securities frequently are of limited size and limited availability. The Offerings may also become "hot issues" which are offerings that trade at a premium above the initial offering price.

In the event our Firm participates in an Offering, our Firm's policy and practice is to allocate shares in the Offering fairly and equitably on an overall basis among its clients according to a specific and consistent basis so as not to advantage any firm, personal or related account and so as not to favor or disfavor any client, or group of clients, over any other. All of the affiliated advisers' policies on Order Execution and Allocation are comparable to that of our Firm.

Global Strategy Trade Allocation

Provided a client's investment guidelines are adhered to, affiliated advisers will aggregate similar purchase or sale orders with other client orders so long as such aggregation cannot be reasonably foreseen to result in harm to any client. Aggregation may result in obtaining advantageous selling or purchase prices, brokerage commissions and other expenses and beneficial timing of transactions. Generally, affiliated advisers allocate orders on a pro rata basis.

For client accounts which our Firm has delegated investment and brokerage discretion to the affiliated advisers, our Firm will periodically review the affiliated advisers' trading policies and procedures and trade activities with respect to those client accounts.

Item 13 Review of Accounts

PORTFOLIO MANAGEMENT SERVICES

Reviews: Both before and after we begin to manage an account, our Firm will establish a strategy for the long-term growth of capital and the generation of income. Guidelines are established by our Firm based on liquidity, risk and investment potential with respect to price levels and the number of shares purchased or sold. For portfolio management purposes, and to determine transaction strategy based on current market conditions, each discretionary client's account is reviewed regularly, not less than quarterly, by a Portfolio Manager.

Responsibility for communication with each client rests with our firm's employees and officers. The books of the investment companies which our firm sub-advises are audited annually by independent certified public accountants. These audited financial statements are sent to investment company clients annually. Upon request, our firm will provide more frequent reports to discretionary separate account clients.

Reports: In addition to the statements and confirmations of transactions that Portfolio Management Services clients receive from their custodians, our Firm will provide monthly and/or quarterly reports summarizing account performance, balances and holdings pursuant to the obligations set forth in each client's investment management agreement. Upon request, our Firm will provide more frequent reports to discretionary separate account clients.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

Our Firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee to an unaffiliated third party, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our Firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is the Firm's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a monthly and/or quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Our Firm does not have actual or constructive custody of securities or cash.

Item 16 Investment Discretion

Clients generally engage the Firm to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell
- determine the broker and price and commission related to the security bought or sold

Clients give us discretionary authority when they sign the investment management agreement with our Firm, and may limit this authority by giving us additional written instructions. Clients may also change/amend such limitations by once again providing us with written instructions. The Firm will not begin the management of client funds without a written investment management agreement.

Item 17 Voting Client Securities

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting the Compliance Officer designated on the first page of this Brochure. In addition, clients may request, in writing, information on how proxies for his/her shares were voted. If any client makes such a request, we will promptly provide such information to the client.

With respect to ERISA accounts, we will vote proxies unless the investment management agreement specifically requests that they be forwarded to the client for processing. To direct us to vote a proxy in a particular manner, clients should contact the Chief Compliance Officer designated on the first page of this Brochure.

Our Firm utilizes the services of an independent unaffiliated proxy firm. The proxy firm is responsible for: notifying our Firm in advance of the shareholder meeting at which the proxies will be voted; providing the appropriate proxies to be voted; providing independent research on corporate governance, proxy and corporate responsibility issues; recommending actions with respect to proxies which are always deemed by the proxy firm to be in the best interests of the shareholders; and maintaining records of proxy statement received and votes cast.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us at 312-855-6523.

Item 18 Financial Information

We do not require or solicit payment of fees in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. HIREG GmbH has no additional financial circumstances to report.

HIREG GmbH has not been the subject of a bankruptcy petition.