

CORE AND VALUE ADVISORS, LLC
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San Francisco, CA 94111

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PART 2A of FORM ADV
FIRM BROCHURE

Form ADV Part 2A

March 22, 2016

ITEM 1 – COVER PAGE

This brochure provides information about the qualifications and business practices of:

Core and Value Advisors, LLC
Four Embarcadero Center, Suite 3300
San Francisco, CA 94111
Telephone: (415) 658-3300

If you have any questions about the contents of this brochure, please contact Daniel Newman, Chief Compliance Officer of our firm, at the telephone number indicated above or by email at newman@sbfund.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about our firm is available on the Internet at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our CRD number is 156093.

Note: The term registered investment adviser does not imply a certain level of skill or training.

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ITEM 2 – MATERIAL CHANGES

Since the last annual update of this brochure on March 25, 2015, Core and Value Advisers, LLC (“CVA,” “we” or “us”) has made the following changes to its disclosures:

- 1) Item 6: The Investment Allocation Policy was amended to clarify that “In situations where the investment is only suitable for one client, based on transaction size, leverage, geographic location, diversification policies and risk profiles, among other factors, then the client is awarded the investment opportunity and its priority on the Rotation List is not changed.”

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ITEM 4 – ADVISORY BUSINESS

Core and Value Advisors, LLC (“CVA”) was formed in July 2010¹ as an affiliated real estate investment advisor of Stockbridge Capital Group, LLC (“SCG”, registered with the SEC under CRD #149002) in order to expand SCG’s investment advisory services predominantly in the “core” and “value-added” real estate investing segments.²

Our investment advisory and supervisory services to clients are provided principally with respect to real estate properties and real estate-related assets and businesses. Like many other real estate investment managers, our investment activities can be separated into three broad investment categories: core, value-added and opportunistic.

(For a further description of these categories, as well as information on the specific investment strategies we pursue and how we may tailor our services to meet the needs of our clients, please see below and refer to “Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.”)

CVA provides investment advisory and supervisory services to the following commingled investment funds: Stockbridge Value Fund, LP (the “Value Fund”) and the Stockbridge Value Fund II (the “Value Fund II”, collectively, the “Value Funds”) and Smart Markets Fund, LP (“Smart Markets Fund” and collectively with the Value Funds, the “Funds”).

The Value Funds are closed-end commingled funds that invests predominantly with a value-added strategy with investments intended to be made through one or more subsidiaries that qualify as real estate investment trusts (each a “REIT Subsidiary”) for U.S. federal income tax purposes. Stockbridge Value Fund Partners, LLC and Stockbridge Value Fund Partners II, LLC are related entities of CVA and are the General Partners of the Value Fund and Value Fund II, respectively.

The Smart Markets Fund is an open-end commingled fund that invests predominantly with a core strategy and generally intended to be made through one or more subsidiaries that qualify as real estate investment trusts (each a “REIT Subsidiary”) for U.S. federal income tax purposes. CVA Smart Markets, LLC, a related entity of CVA, is the General Partner of the Smart Markets Fund.

We also manage separately managed accounts (“SMAs” or individually an “SMA” for institutional real estate investors (each a “SMA Client”, and collectively “SMA Clients”) on a continuous and regular basis. We provide advice to SMA Clients regarding investment of client funds in real estate assets based on such client’s individual investment needs.

¹ CVA was originally organized with the State of Delaware under the name “Stockbridge Core and Value Partners LLC.” Its name was changed to “Core and Value Advisors, LLC” in March 2011.

² The terms “core” and “value-added” are further described within “Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss” herein.

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The organization of the assets within an SMA differs with each SMA, but typically includes one or a series of partnerships, limited liability companies or corporations (or a combination of the foregoing) owning real estate properties and other real estate and real estate-related assets and businesses. In certain cases, CVA or an affiliated entity serves, directly or indirectly, as General Partner of one or more of the partnerships holding the assets within an SMA, Managing Member or Manager of one or more of the limited liability companies holding the assets within an SMA. Our investment professionals may also serve as officers of any such entities, or as officers and/or directors of one or more corporations holding assets within an SMA. In some cases, we will assume management of an existing SMA that was previously managed by another, unaffiliated manager.

Depending on the requirements of the applicable client, certain of these SMAs are structured as limited partnerships ("Co-Investment Partnerships") (collectively with SMAs and the Funds "clients") in which certain of our investment professionals co-invest their own capital.

SCG (defined above) owns 50% of CVA, and is the only entity that owns 25% or more of CVA. SCG in turn is owned 100% by Terrence E. Fancher, the founder and head of SCG. The remaining 50% interest in CVA is owned by the following senior professionals of CVA: Sollie A. Raso, Mark D. Carlson, Albert J. Jehle, Jean-Marie Murphy-Kopans, Steven M. Steppe, Douglas D. Sturiale, Daniel S. Weaver and Tuba G. Malinowski.

SCG previously managed five SMAs, including one Co-Investment Partnership, that were transferred to CVA's management in 2011 with the consent of the clients involved.

As of December 31, 2015, CVA managed approximately \$5,707,905,608 of client assets, including \$4,971,088,043 of client assets managed on a discretionary basis and \$736,817,565 managed on a non-discretionary basis. These figures include the *pro rata* share (based on percentage of ownership) of property-level indebtedness to which assets in our Funds and SMAs were subject as of December 31, 2015.

ITEMS 5 – FEES, COMPENSATION, EXPENSES AND OTHER FUND MATTERS

FEES AND COMPENSATION

Asset Management Fees: In addition to providing investment advice to the Funds and SMA Clients, CVA also provides asset management services. These services vary with the nature and type of each investment, but generally include: (i) devising and implementing annual strategic plans; (ii) arranging debt financing and any refinancing; (iii) overseeing joint venture operating partners; (iv) evaluating ongoing financial performance; (v) approving annual budgets, major leases and other key decisions and

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(vi) implementing disposition strategies. Subject to certain exceptions, asset management services are included in consideration of the applicable asset management fee payable by each Fund, Co-Investment Partnership or SMA Client to which such services are rendered, and CVA does not charge a separate fee for such services.

In consideration of asset management services, the Funds, or corresponding REIT Subsidiaries, pay up to 1.5% annually quarterly in arrears. The annual management fee for an open-end fund is based on the net asset value of the fund, as of the last day of such calendar quarter. The annual management fee of a closed-end fund is based on the aggregate amount of capital contributions invested in investments.

Asset management fees payable by a SMA Client are negotiable and may depend on various factors. Such annual asset management fees may be calculated based upon a percentage of up to 1.25% of gross asset value (including indebtedness), or net asset value (excluding indebtedness), or acquisition cost, or as a percentage of up to 8.0% of net operating income, cash flow or revenue. Asset Management Fees will be subject to negotiation with the SMA Client, may be collected monthly or quarterly in arrears or in advance and may be billed to the SMA Client or deducted from assets of the SMA. The terms of the Asset Management Fees payable by each SMA Client (including, if applicable, our right to deduct Asset Management Fees directly from the SMA) will be disclosed to such SMA Client before entering into the SMA advisory agreement.

Performance/Incentive and Carried Interest Fees: We may assess Performance Fees, Incentive Fees, and/or Carried Interest Distributions. Incentive Fees may be computed based on a percentage of up to 10% of the excess of net operating income of a property or portfolio over the net operating income of such property or portfolio in a previous period. Performance Fees may be computed based on a percentage of up to 15% of the excess of realized and appraised appreciation and cash flow from a property or portfolio over an agreed "hurdle" rate determined during designated time periods. Incentive distribution equal up to 20% of distributable proceeds may be charged after invested capital and a compounded annual preferred return rate of up to 10.5%.

Separately Managed Accounts: For our services, we may charge fees to an SMA Client in any or all of the manners described below. All such fees will be subject to negotiation between the SMA Client and the firm.

SMA Clients may be charged fees on an investment-by-investment basis, including investment fees, financing fees, development fees and disposition fees. The payment of such fees will be subject to agreement with the SMA Client and may be collected at the time a transaction (e.g., a property acquisition or financing) is consummated or on a monthly or quarterly basis, and may be billed to the SMA Client or deducted from assets of the SMA. Fees collected monthly or quarterly may be collected in arrears or in

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advance. The terms of all Individual Investment Fees that may be paid by an SMA Client (including, if applicable, our right to deduct Individual Investment Fees directly from the SMA) will be disclosed to the SMA Client before entering into the SMA advisory agreement.

The types and typical ranges of individual investment fees that may be charged are outlined below:

Fee Type	Percentage	Description
Investment Fee	Up to 1.25%*	Typically calculated as a percentage of investment costs
Financing Fee	Up to 0.75%	Typically calculated as a percentage of financing proceeds
Development Fee	Up to 1.25%	Typically calculated as a percentage of project costs; Only applicable if development projects are overseen by CVA
Disposition Fee	Up to 1.25%	Typically calculated as a percentage of sales proceeds

**Investment fees may also be based on a flat amount.*

Share Classes: Clients, including Limited Partners (“LPs” or “investors”) in different share classes, are subject to a different fee arrangement. LPs should review the applicable Fund’s private placement memorandum, limited partnership agreement and subscription agreement (collectively “Governing Documents”) for additional information regarding fees specific to an investment in each fund and to each share class.

Consulting and Administrative Services: We may provide consulting and administrative services to real estate investors with respect to real estate assets, properties and portfolios that are not managed by us. Our consulting and administrative services may include, among other things, (i) assessment of assets, properties or portfolios based on evaluation criteria agreed to with the client, (ii) assessment of managers, joint venture or operating partners, (iii) recommendations with respect to future actions, including capital investment and hold/sell decisions and (iv) assistance with accounting and administrative support functions.

Our consulting and administrative services will be provided for fees based on the client’s specific circumstances. Our fees for consulting and administrative services may be based on hourly, daily, weekly or monthly rates for our services generally or for the services of specific professionals of firm, or may involve an overall fee for services rendered with respect to a particular asset or portfolio.

Consulting and administrative services fees will be agreed upon prior to entering into a consulting or administrative services arrangement with any client. Consulting and administrative services clients may be invoiced in arrears or in advance (as provided for in the applicable agreement). We may also require an up-front retainer from consulting

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and administrative services clients in certain circumstances, however in no event will advance payment be accepted for consulting and administrative services work that will not be completed within six months. While there is no minimum fee for consulting and administrative services, we do not expect to accept such assignments where anticipated fees will not exceed \$250,000.

EXPENSES

Fund Expenses: The Funds are responsible for paying all organizational expenses and all other Fund expenses up to amounts indicated within the Fund's offering documents or limited partnership agreements. These expenses may vary by Fund, but typically will include, among other things: (i) administrative expenses related to the operation of the Fund (e.g., the fees and expenses of accountants, lawyers and other professionals incurred in connection with the Fund's annual audit, legal compliance, financial reporting, legal opinions, tax strategy and tax return preparation), including expenses of the Advisory Committee; (ii) all fees, costs and expenses related to the acquisition, holding, leasing, financing, refinancing, development, management, repairs, improvements, monitoring and sale or other disposition of investments (including any legal, audit, travel, financing, appraisal, insurance, consulting, brokerage, engineering, environmental inspection and indemnification costs and expenses) and the evaluation of potential investments (including any due diligence costs or expenses of any third parties and the General Partner or CVA) regardless of whether the potential investments, dispositions, improvements or developments are consummated; (iii) any custodial expenses for the safekeeping of cash, securities and other property and any expenses related to making temporary investments and any interest expenses; (iv) all fees, costs and expenses related to the offering of Fund Interests as indicated within the Fund's offering documents or limited partnership agreement; (v) the costs of forming, organizing, maintaining and dissolving special purpose entities and each subsidiary of the Fund; (vi) any extraordinary administrative or operating fees or expenses (e.g., litigation or indemnification expenses); (vii) any costs related to building or maintaining investor relationships for prospective and current investors; and (viii) and any other customary expenses.

If the expenses are associated with more than one client, CVA will allocate the expenses in good faith and in a manner that is fair to all the clients incurring such expenses.

Other Expenses: While we do not anticipate that mutual funds will be included in any SMA or in the portfolios of the Funds, money market mutual funds may be used to "sweep" unused cash balances until they can be appropriately invested. Accordingly, the Funds and SMA Clients should be aware that all fees paid to us are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each mutual fund's prospectus. These fees will generally

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include a management fee, other fund expenses and, in certain cases, a distribution fee. In this regard, please see “Item 12 – Brokerage Practices” below.

The Funds and SMA Clients, as applicable, are also responsible for the fees and expenses charged by custodians and imposed by broker dealers. Such fees may include, but are not limited to, any transaction charges, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports.

OTHER FUND MATTERS

Negotiability of Fees and Investment Minimums: In certain circumstances, all fees and investment and account minimums may be negotiable and we may reduce or waive fees and account minimums by agreement with clients or investors or otherwise at our discretion. Additionally, we may agree to group certain investors or clients together for the purposes of achieving a minimum account size or determining an annualized fee. Investment and account minimums may also be reduced or waived for our affiliates and employees.

Side Letters: The Funds may enter into separate agreements, commonly referred to as “side letters,” with certain LPs, to modify certain terms or add different terms than those specifically described in the Governing Documents. Under certain circumstances, these agreements could create preferences or priorities for such Investors with respect to other LPs.

Advisory Committees: Advisory Committees consisting of a number of LPs are selected by the General Partner (“Advisory Committee”) for each of the Smart Markets Fund and Value Funds. The Advisory Committee advises the General Partner and resolves issues involving conflicts of interest.

Termination of Advisory Relationship: LPs in a Fund are requested to refer to the Governing Documents of such Fund for complete information on withdrawal of funds and the applicable commitment period and term of such Fund.

SMA Clients should refer to the terms associated with the termination contained in the SMA advisory agreement and, to the extent CVA or its affiliates serves as General Partner of any partnership and/or Managing Member of any limited liability company holding assets within an SMA, may also be contained in the applicable partnership agreement or limited liability company agreement for such entities. Upon termination of an SMA advisory agreement, any prepaid, unearned fees will be determined pursuant to the SMA advisory agreement and promptly refunded, and any earned, unpaid fees will be due and payable.

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ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We accept performance-based and incentive Asset Management Fees from the Funds (in the form of Carried Interest distributions), from SMA Clients and Co-Investment Partnerships. Performance and incentive fees may be accepted from SMA Clients, Co-Investment Partnerships and Funds, which are managed side-by-side and which have similar investment strategies as accounts and Funds that do not pay such fees. Further information regarding performance-based fees with respect to each type of client is provided in “Item 5 – Fees and Compensation” above.

The acceptance of performance-based and incentive fees may create an incentive for us to recommend investments which may be riskier or more speculative than those that would be recommended under a different fee arrangement. Additionally, as certain of our investment professionals may manage one or more accounts that are charged a performance-based fee and others that are not charged such a fee, it may create an incentive for such professionals to favor the accounts in which we may receive a performance-based fee over those in which we do not receive such a fee. To address this issue, and in general to address the fact that we may advise multiple clients with substantially similar investment strategies, we have adopted an Investment Allocation Policy, which is described below.

Investment Allocation Policy: In order to minimize the potential for conflicts of interest and to ensure that all clients pursuing substantially similar investment strategies are treated in a consistent and equitable manner in the allocation of investment opportunities, we have adopted a policy regarding investment allocation (the “Investment Allocation Policy”). Under the Investment Allocation Policy, if we reach price agreement for a potential investment that satisfies the general investment criteria of multiple clients pursuing substantially similar investment strategies, the decision as to the suitability of the property for investment by particular clients will be made based on objective and subjective criteria supplied to us by the clients or included in the clients’ investment plans. These criteria may include transaction size, leverage, geographic location, diversification policies and risk profiles, among others. If an investment is suitable for multiple clients pursuing similar substantially investment strategies, then the investment opportunity will be allocated among such clients based on the clients’ priority on the Rotation Priority List (the “Rotation List”) composed of all clients pursuing substantially similar investment strategies with available capital commitments. Priority on the Rotation List will be given to clients based on which client has gone the longest without being allocated an investment opportunity. If the first client on the Rotation List declines the investment opportunity, the investment will be allocated to the next eligible client on the Rotation List, until a client elects to make the investment. Once an investment is made, the client that

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makes the investment will be rotated to the bottom of the Rotation List. If the Investment Committee for such client disapproves an investment (or due diligence discovery causes the transaction to terminate), the client that was allocated such investment opportunity will retain its priority on the Rotation List. In situations where the investment is only suitable for one client, based on transaction size, leverage, geographic location, diversification policies and risk profiles, among other factors, then the client is awarded the investment opportunity and its priority on the Rotation List is not changed. Finally, if we determine that an investment opportunity is not appropriate for any client on the Rotation List, we may pursue the investment with a client that is not on the Rotation List. We may modify our Investment Allocation Policy from time to time at our discretion.

PERFORMANCE-BASED AND INCENTIVE 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.

ITEM 7 – TYPES OF CLIENTS

CVA provides investment advisory services to the Funds and certain other investment vehicles described herein. Investors and SMA Clients include institutional investors, including public and private pension funds, endowments, foundations and corporations or other businesses. In addition, we may also provide services to certain high net worth individual investors.

With respect to new SMA Clients, we generally require a minimum \$50,000,000 capital commitment to establish an SMA, but may waive this requirement under certain circumstances. Additionally, we may agree to group certain related SMA Client accounts together for the purposes of achieving the minimum account size.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

METHODS OF ANALYSIS

Our selection of target markets for investment opportunities is based on our review of real estate and macroeconomic research and the views of our investment professionals regarding the potential for favorable investment returns in various geographic markets and property types. We also consider input from prospective joint venture partners and real estate service providers (*i.e.*, property management firms, real estate brokerage firms, developers, construction managers, etc.) who have broad experience in particular regions, markets or property types.

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Prospective investment opportunities are generally sourced through the network of relationships our firm and our investment professionals have developed throughout the real estate industry, including existing operating and development partners, potential new operating partners, real estate brokerage and lending contacts, as well as relationships with various other real estate professionals. We expect to proactively identify investment opportunities that are not broadly marketed for sale and endeavor, where possible, to identify and execute real estate transactions outside of a competitive bidding process.

For investment opportunities that are determined on a preliminary basis to be consistent with the strategy and likely to achieve the desired return requirements of a Fund or SMA Client, a team of our investment professionals (the "Transaction Team") will conduct a due diligence review and further pursue the opportunity. If the Transaction Team believes we should proceed with a proposed investment, it will present the merits of the investment to an Investment Committee consisting of certain of our senior investment professionals. Following a review of the prospective investment, the Investment Committee will either approve or disapprove the investment, or take no action while awaiting further input. Typically, all investments, with the exception of short-term cash management activities, require approval by a vote of the Investment Committee, with at least a majority of the Investment Committee members present in person or by teleconference and no more than one of those present voting against the investment.

Our due diligence review of prospective investments includes a financial review of the asset or portfolio, including an assessment of the market or markets in which the investment is located. Our financial analysis may utilize various valuation benchmarks, including estimated internal rates of return, expected cash-on-cash yields, projected investment yields on either a leveraged or unleveraged basis or both, testing of expected debt service coverage ratios and sensitivity analyses to consider investment returns based on a variety of potential scenarios. Where appropriate, we will utilize standardized financial, accounting and/or real estate software, such as ARGUS, to assist us in the development of financial forecasts and projections.

INVESTMENT STRATEGIES – GENERAL

Funds and SMAs managed by us will typically pursue a core and/or value-added strategy. Additionally, Funds or SMAs may focus on investments within one or more selected property types (such as office, industrial, residential or retail properties) or geographic regions, or those meeting other selected criteria. All of our Funds and SMAs focus their investments principally on real estate properties, but certain Funds and SMAs may also invest in real estate-related assets and businesses.

Core: A core investment strategy generally involves the pursuit of real estate assets that are operationally stable and demonstrate high occupancy at acquisition, with low near-

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term rollover in leases. Core investments are generally located in primary markets (such as large cities or their suburbs) and are typically acquired in structures involving low to moderate levels of indebtedness. While a core portfolio will typically include a preponderance of core assets, it may also include certain non-core assets.

Value-added: A value-added investment strategy generally involves the pursuit of real estate assets that demonstrate somewhat greater volatility than core assets. Such assets are often moderately to well-leased, but may require additional capital investment, renovation or repositioning to achieve greater occupancy. Additionally, value-added portfolios may include selected development or redevelopment assets, “distressed” assets or assets acquired from “distressed” sellers. Value-added assets may be located in primary or secondary markets, and are typically acquired in structures involving higher levels of indebtedness than core assets. A value-added portfolio will typically include a preponderance of value-added assets, but may also include assets outside this category.

While certain real estate investment strategies are intended to minimize risk, investing in real estate and real estate-related assets and businesses will involve the risk of loss that our clients and investors in our Funds must be prepared to bear.

INVESTMENT STRATEGIES

Value Funds: The Value Funds are closed-end, value-added commingled real estate fund that has been formed to acquire a portfolio of office, multifamily, retail and industrial properties located principally in the United States. The Value Funds may also invest selectively in other real estate and real estate-related assets and businesses.

Smart Markets Fund: The Smart Markets Fund is an open-end, commingled real estate fund that has been formed to invest principally with a core real estate strategy in multi-family, industrial, retail, office and mixed-use properties located in the United States. The Fund may make investments in direct or indirect equity interests of any type (including interests in real estate companies and joint ventures) in multi-family, retail, industrial and office properties, including mixed-use properties comprising two or more of such property types. The Smart Markets Fund will seek to target certain metropolitan areas of the U.S. that are believed to be characterized by knowledge-based economies and are poised to capture a large share of long-term U.S. employment growth. The Fund will seek to maximize total returns to investors through a combination of cash distributions and capital appreciation.

Separately Managed Accounts: The investment strategy of each SMA will vary based on the goals and objectives of the SMA Client. Through personal discussions with an SMA Client, in which the SMA Client’s goals and objectives with respect to the SMA are established, we will develop an investment strategy for the SMA and then create and

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manage the SMA based on that strategy. In certain cases, prospective SMA Clients may already have an investment strategy in mind (or in circumstances where we are assuming control over an existing SMA, a strategy for the SMA may already be in place) and we will implement that strategy, subject to modifications agreed to between the SMA Client and us. We may manage certain SMAs on a discretionary basis and others on a non-discretionary basis (in each case, subject to discussions with the SMA Client) and (as applicable) to customize SMAs based on an SMA Client's investment guidelines and restrictions, leverage expectations and risk tolerance.

RISK FACTORS

Investments in real estate properties and real estate-related assets and businesses involve various risks, and we make no guarantees or assurances that our Funds or SMAs will achieve their investment or return objectives. Risk factors associated with the investments of our Funds and SMAs include the following:

Highly Competitive Market for Investment Opportunities: The business of identifying and structuring real estate investments is highly competitive and involves a high degree of uncertainty. Our Funds and SMAs compete for investments with other real estate investment vehicles, as well as individuals, financial institutions and other institutional investors which may have greater financial and other resources. In addition, the availability of investment opportunities is subject to market conditions as well as, in some cases, the prevailing regulatory or political climate.

General Economic and Real Estate Considerations: Real estate investments are subject to a variety of inherent risks that may have an adverse impact on the values of, and returns (if any) from, such investments, including changes in the general economic climate, local conditions (such as an oversupply of space or a reduction in demand for space), competition based on rental rates, attractiveness and location of the properties, the financial condition of tenants, buyers and sellers of properties, the quality of maintenance, insurance and management services, changes in operating costs and taxes, government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing, potential liability under environmental and other laws, energy prices, the ongoing need for capital improvements, tenant default or distress, construction risks, as well as natural catastrophes, acts of war, civil unrest, uninsurable losses and other factors beyond our control.

Risks Relating to Tenants: Our Funds and SMAs may not be able to attract credit-worthy tenants for their properties or replacement tenants at rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants may require capital improvements to properties which would not have otherwise been planned. Any unbudgeted capital improvements that are undertaken may divert cash from that

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which would otherwise be available for distributions to clients/investors or may require unanticipated borrowings. Furthermore, at any time, a tenant may seek the protection of bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the distributable cash flow to clients/investors.

Potential Environmental Liabilities: Under various federal, state and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such enactments often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore is generally not limited under such enactments and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell such property or to borrow using such property as collateral. A Fund or SMA could also be held liable for any and all consequences arising out of past and future releases of, or exposure to, such hazardous or toxic substances or other environmental damage.

Risks Associated with Development, Redevelopment and Renovation: Depending on their individual investment strategies, our Funds and SMAs may acquire properties in need of substantial renovation or redevelopment and may also develop new properties. New project development, redevelopment and major renovation work are subject to a number of risks, including risks of construction delays or significant cost overruns that may increase project costs, risks that the properties will not achieve anticipated sales prices or occupancy levels or sustain anticipated rent levels, and new project commencement risks, such as the failure to obtain entitlement, zoning, occupancy and other required governmental permits and authorizations and the incurrence of development costs in connection with projects that are not pursued to completion.

Lack of Liquidity and Long-Term Nature of Investments: Real estate investment are often illiquid and this fact will tend to limit our ability to vary the portfolios of our Funds and SMAs promptly in response to changes in economic or other conditions. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on resale. As a result, a Fund or SMA may be unable to realize its investment objectives by sale or other disposition at attractive prices, or may otherwise be unable to complete an exit strategy for its investments. Additionally, while the expected holding period for real estate investments will vary, such investments are generally longer term in nature. Accordingly, our Funds and SMAs face risks of changes in long-term interest rates and adverse changes in the real estate markets over the holding period of their investments.

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Third-Party Involvement: Our Funds and SMAs may hold investments in partnerships, joint ventures or other entities with third parties. Joint venture investments involve various risks, including the risk that we will not be able to implement investment decisions or exit strategies because of limitations on our control of the property under applicable agreements with joint venture partners, the risk that a joint venture partner may experience financial difficulties or may at any time have economic or business interests or goals which are inconsistent with ours, the risk that joint venture partners may be in a position to take action contrary to our objectives, the risk of liability based upon the actions of a joint venture partner and the risk of disputes or litigation with such partners.

Leverage: Our Funds and SMAs may leverage their investments with debt financing in amounts which are significant relative to the costs of the investments. Incurring mortgage debt increases the risk of loss because defaults on indebtedness secured by properties may result in foreclosure actions initiated by lenders and ultimately a Fund or SMA's loss of properties securing any loans for which it is in default. A foreclosure could also cause a Fund or SMA to recognize taxable income, even in the absence of any cash proceeds. In certain circumstances, financing may be recourse to the underlying Fund or SMA, which may expose the Fund or SMA to the loss of other assets not directly securing the loan. Funds and SMAs pursuing value-added and opportunistic investment strategies will tend to use progressively higher levels of leverage. Though this may enhance returns and increase the number of investments that can be made, it may also substantially increase the risk of loss and exposure to adverse economic factors such as rising interest rates.

Interest Rate Risks: Changes in interest rates may adversely affect the investments of our Funds and SMAs. For example, a Fund or SMA may finance one or more investments with "floating rate" indebtedness, where interest charges rise with increases in interest rates. Increased interest charges could reduce or eliminate the income the Fund or SMA realizes from its investments and/or result in default on outstanding indebtedness. Even if a Fund or SMA is not exposed to "floating rate" indebtedness, increases in interest rates may reduce the value of its investments and its ability to realize gains from their sale. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors.

Government Regulation: The real estate industry is extensively regulated and subject to frequent regulatory change. The adoption of new legislation or changes in existing laws or new interpretations of existing laws can have a significant impact on methods of doing business, costs of doing business and amounts of reimbursement from governmental and other agencies.

Investments in Real Estate Debt: Direct or indirect investments in real estate-related debt instruments involve the risk of borrower default, risks associated with real estate

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investments generally, 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 the exercise of contractual remedies for defaults of such investments.

Non-Performing Loans; Foreclosure Process: Real estate loans may be or become non-performing for a wide variety of reasons. Non-performing real estate loans may require a substantial amount of workout negotiations and/or restructurings, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. Further, it may also be necessary or desirable to foreclose on collateral securing one or more real estate loans. The foreclosure process can be lengthy and expensive and borrowers often resists foreclosure actions by asserting numerous claims, counterclaims and defenses (including lender liability claims and defenses) and/or by filing for bankruptcy, which may delay or stay the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property.

ITEM 9 – DISCIPLINARY PROCEEDINGS

CVA and its senior investment professionals have no reportable disciplinary events to disclose.

ITEM 10 – OTHER FINANCIAL ACTIVITIES AND AFFILIATIONS

CVA was formed as an affiliated investment advisor of Stockbridge Capital Group, LLC (registered with the SEC under CRD #149002) and specifically to manage the core and value-added real estate investing segments of SCG's business. In 2011, SCG transferred management of five of its core and value-added SMAs, including one Co-Investment Partnership to CVA with the consent of the clients involved.

CVA is 50% owned by SCG (which in turn is owned 100% by Terrence E. Fancher, the founder and head of SCG). The remaining 50% interest in CVA is owned by the following senior professionals of CVA: Sollie A. Raso, Mark D. Carlson, Albert J. Jehle, Jean-Marie Murphy-Kopans, Steven M. Steppe, Douglas D. Sturiale, Daniel S. Weaver, and Tuba G. Malinowski. All officers and directors of CVA are also employees of SCG. We may recommend SCG's services to our clients as appropriate.

Employees of CVA may have family members and/or friends that are employed with, or are otherwise affiliated with, entities that provide services or engage in business transactions with CVA and/or the Funds. Examples of such relationships may include

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entities that are the Fund's investors, joint venture partners, operating partners, real estate or securities brokers, consultants, lenders, and/or tenants in buildings owned by the Funds. Employees are required to report certain relationships to the Compliance Department to review for conflicts of interest.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

CODE OF ETHICS

We have adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Our Code of Ethics requires high standards of business conduct and compliance with applicable federal and state securities laws. Our Code of Ethics stresses that no person employed by us shall prefer his/her own interests to those of our investment advisory clients, and prohibits the use of material non-public information. To supervise compliance with our Code of Ethics, we require that employees provide annual securities holdings reports and quarterly transaction reports of all reportable transactions to our Chief Compliance Officer. We also require prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code of Ethics provides for sanctions when appropriate. Clients and prospective clients may obtain a copy of our Code of Ethics upon request by contacting our Chief Compliance Officer.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Stockbridge Value Funds: Certain of our senior professionals have invested their own capital alongside the Value Funds through the Stockbridge Value Fund SLP, LLC ("Value Fund SLP") and Stockbridge Value Fund SLP II, LLC ("Value Fund SLP II"), respectively. The Value Fund I SLP and Value Fund II SLP have committed to investing 2% of the Value Funds' total capital commitments, up to a maximum of \$5 million. The source of such investment also includes additional third-party investors who are not employees of CVA.

The Value Fund I SLP and Value Fund II SLP are entitled to receive Carried Interest distributions from the Value Fund and Value Fund II, respectively. Several professionals of CVA may participate in the Carried Interest distributions (if any) paid to the Value Fund.

Separately Managed Accounts: Certain of our investment professionals have invested their own capital as members of two limited liability companies (the "Logistics LLCs"), which have invested in two limited partnerships (the "Logistics LPs") in which an SMA Client of CVA is the largest investor. We provide investment management services to the Logistics LPs and control the respective general partners. The Logistics LLCs (and,

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through them, the investment professionals who have invested therein) are entitled to receive distributions from the Logistics LPs in the same manner as the SMA Client. In addition, the limited partnership agreements for the Logistics LPs contain certain buy/sell provisions giving the SMA Client the right to purchase the respective Logistics LLC's interests in the Logistics LPs and the respective Logistics LLCs the right to sell such interests to the SMA Client in certain circumstances, including if the general partners of the Logistics LPs are removed or we are removed as investment manager. In the future, we and/or our investment professionals may make similar arrangements to invest alongside SMA Clients in the investments of Co-Investment Partnerships.

As we receive compensation for providing managerial services to our Funds, we may have a conflict of interest in soliciting SMA Clients to invest in our Funds. However, SMA Clients are under no obligation to participate in such investments and we will disclose our affiliation with the Funds to those potential investors who are solicited. While we endeavor at all times to put the interest of SMA Clients first as part of our fiduciary duty, SMA Clients should be aware that the receipt of additional compensation may itself create a conflict of interest, and may affect our judgment when making solicitations.

ITEM 12 – BROKERAGE PRACTICES

As our Funds and SMAs invest principally in real estate assets, we are rarely required to select or recommend broker-dealers for client securities transactions. In circumstances where securities brokers or dealers are required, we will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services that will help us in providing investment management services to clients. We may therefore use the broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all of our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

ITEM 13 – REVIEW OF ACCOUNTS

Reviews: The underlying investments of the Funds and SMAs are regularly monitored and reviewed in the context of their investment objectives and guidelines. All investments are subject to an annual capital and operating budget process and financial results for investments are reviewed generally on a monthly, quarterly and annual basis. Further, asset valuations are reviewed regularly, with write-ups or write-downs taken pursuant to

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GAAP accounting procedures (or otherwise, as agreed with an SMA Client). Our investment professionals visit properties (or, in the case of portfolios containing a large number of smaller properties, a selection thereof) generally at least once each calendar year. Larger properties, as well as those undergoing renovation, development or redevelopment, are typically visited on a more frequent basis.

Reports: For the Funds, we furnish quarterly unaudited and annual audited financial statements (including a balance sheet, income statement, and statement of Partners' cash flow) to all LPs. On a quarterly basis, LPs are also provided with a quarterly report, including a summary of the activities of the applicable Fund and all acquisitions and dispositions. On an annual basis, LPs receive the following: (1) a summary of all investments acquired and a written description of each investment; (2) a list containing our estimate of the fair market value of each investment; (3) a summary of all material regulatory and legal proceedings to which the Fund, its General Partner or any affiliate of its General Partner is a party; and (4) a list of material contracts entered into by the Fund and the General Partner or its affiliates, including a summary of the fees paid. All of the reports described above are provided in written form.

We provide SMA Clients with written quarterly and annual reports summarizing account performance, balances and holdings and any additional reports as contracted for with an SMA Client in the applicable SMA advisory agreement.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

No party (other than our clients) provides an economic benefit to us for providing investment advice or other advisory services to our clients. We do not employ the services of any third-party marketer in order to solicit clients.

Our affiliated adviser may from time to time compensate, either directly or indirectly, any affiliate or non-affiliate for client referrals in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940 and similar state regulations.

ITEM 15 – CUSTODY

As described under “Item 13 – Review of Accounts,” we provide quarterly unaudited and annual audited financial statements both to our SMA Clients (unless the SMA Client requests for the firm not to engage an auditor to perform an annual audit, or requests the firm to assist in (opposed to lead) an audit that is overseen by the SMA Client directly) and to LPs in our Funds and Co-Investment Partnerships. The Funds and Co-Investment Partnerships are subject to an annual audit by an independent public accountant that is

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registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each LP. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Fund's fiscal year end. Additionally, client cash balances and working capital may be invested in bank deposits, money market funds or similar cash-equivalent instruments with qualified custodians and such qualified custodians generally send periodic statements directly to our clients (including, in the case of SMA Clients, to the specific legal entities created to hold the investments in the SMA). Clients are urged to carefully review and compare the statements they receive from qualified custodians, as applicable, with those they receive from us.

ITEM 16 – INVESTMENT DISCRETION

THE FUNDS

The General Partners of the Funds have discretion to determine the portfolio composition of such Funds and which investments are to be bought or sold. The investment discretion of the General Partners is provided in and subject to the terms and conditions contained in the relevant organizational documents of these entities.

SEPARATELY MANAGED ACCOUNTS

Certain SMA advisory agreements may provide investment discretion to us to determine the portfolio composition of such SMA and which investments are to be bought or sold. Such discretion may include various limitations, including the size of the assets to be acquired or sold, the property type, location or other features of such assets and/or the amount and terms of indebtedness that may be placed on such assets.

In all cases, we will request that SMA Clients granting us discretionary authority do so in writing. Further, to the extent that any SMA Client wishes to impose limitations on our discretionary authority, we will request that such limitations be included in the written authority statement. If the SMA Client wishes to amend or change our discretionary authority, we will request that such amendment or change also be in writing.

ITEM 17 – VOTING CLIENT SECURITIES

As our Funds and SMAs invest principally in real estate assets, we are rarely required to vote client securities in a proxy process. However, if we are required to vote proxies for

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any of our Funds, we will do so in the interest of maximizing value for its investors. To that end, we will endeavor to vote proxies in the manner that we determine in good faith will be the most likely to cause the investments of the applicable Fund to increase the most or decline the least in value. Consideration will be given to both the short and long-term implications of the proposal to be voted on when considering the optimal vote. We will also be responsible for voting the proxies in the best interest of the applicable Fund and its investors, and submitting the proxies promptly and properly. Our proxy voting policy and procedures, as well as information as to how any such proxies were voted are available for review by investors in our Funds upon written request to our Chief Compliance Officer.

SMA Clients may elect to delegate their proxy voting authority to us. Alternatively, SMA Clients may choose to receive proxies related to their SMAs, in which case we will consult with clients with respect to such proxies as requested. When we have discretion to vote proxies of an SMA Client, we will vote those proxies in the manner we believe to be in the best interests of such SMA Client and in accordance with our established policies and procedures. With respect to ERISA accounts of SMA Clients, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies.

CVA does not typically participate in class action suits on behalf of the Funds and SMA Clients. If documents are received by a SMA Client, CVA will gather any requisite information and forward it to the SMA Client to enable the SMA Client to file the "Class Action" at the SMA Client's discretion.

SMA Clients may obtain a copy of our complete proxy voting policies and procedures by contacting our Chief Compliance Officer. SMA Clients may also request, in writing, information on how proxies were voted.

ITEM 18 – FINANCIAL INFORMATION

We are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.

Our firm is not, and has not been, subject to any bankruptcy petition.