

---

**Bruce S. Brickman & Associates, Inc.**

**Form ADV Part 2A  
Disclosure Brochure  
March 16, 2017**

712 Fifth Avenue  
New York, NY 10019  
[www.brickmanre.com](http://www.brickmanre.com)

This Brochure provides information about the qualifications and business practices of Bruce S. Brickman & Associates, Inc. If you have any questions about the contents of this Brochure, please contact Michael Esquenazi or Monica Markowitz at (212) 541-5500 or [mesquenazi@brickmanre.com](mailto:mesquenazi@brickmanre.com) or [mmarkowitz@brickmanre.com](mailto:mmarkowitz@brickmanre.com).

Bruce S. Brickman & Associates, Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Our oral and written communications are intended to provide you with information which you may use to determine to hire or retain us to provide investment advice.

Additional information about Bruce S. Brickman & Associates, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

\* \* \* \*

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.

---

## **Item 2: Material Changes**

Brickman has made no material changes to the Brochure since the most recent version filed on January 18, 2017 when the following material changes were made:

- Revisions to reflect the change in name of Hillcrest Finance LLC, a relying adviser to Hillcrest Finance Mach I & Mach II LLC, as reflected in Item 4.A and 10.C.
- Revisions to reflect the addition of the following relying advisers, as reflected in Items 4.A. and 10.C.
  - Hillcrest Finance LLC
  - Hillcrest M1 EM Member, LLC
  - Hillcrest Credit and Income Fund II GP, LLC
  - Hillcrest Credit and Income Fund II Manager, LLC
- Revisions to add reference to a new fund, Hillcrest Credit and Income Fund II, L.P., as reflected in Item 8

In addition, Brickman has updated this Brochure to reflect:

- Current figures in relation to our investment experience in Item 4.A, and regulatory assets under management in Item 4.E.

You may request a copy of our Brochure by contacting Monica Markowitz at (212) 541-5500 or [mmarkowitz@brickmanre.com](mailto:mmarkowitz@brickmanre.com).

---

---

### Item 3: Table of Contents

ITEM 1:	COVER PAGE .....	i
ITEM 2:	MATERIAL CHANGES .....	ii
ITEM 3:	TABLE OF CONTENTS .....	iii
ITEM 4:	ADVISORY BUSINESS.....	1
A.	Description of the Firm.....	1
B.	Types of Advisory Services.....	2
C.	Client Tailored Services and Client Tailored Restrictions.....	3
D.	Wrap Programs.....	3
E.	Assets Under Management.....	3
ITEM 5:	FEES AND COMPENSATION .....	4
A.	Fee Schedule.....	4
B.	Payment Method .....	5
C.	Other Fees and Expenses .....	5
D.	Prepayment of Fees and Refunds .....	6
E.	Sales Compensation .....	7
ITEM 6:	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	7
ITEM 7:	TYPES OF CLIENTS .....	8
ITEM 8:	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS ....	8
A.	Methods of Analysis .....	8
B.	Investment Strategies.....	9
C.	Material Risks .....	11
ITEM 9:	DISCIPLINARY INFORMATION .....	14
ITEM 10:	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	14
A.	Registration as a Broker-Dealer or Registered Representative.....	14
B.	Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor or Associated Person .....	14
C.	Material Relationships .....	14
D.	Selection of Other Investment Advisers.....	16

---

ITEM 11:	CODE OF ETHICS .....	16
A.	Code of Ethics .....	16
B.	Recommendations Involving Material Financial Interests .....	16
C.	Personal Trading.....	17
D.	Other Conflicts of Interest.....	18
ITEM 12:	BROKERAGE PRACTICES .....	21
A.	Criteria for Selection of Broker-Dealers.....	21
B.	Aggregation of Orders/Allocation of Trades.....	21
ITEM 13:	REVIEW OF ACCOUNTS .....	21
A.	Periodic Reviews .....	21
B.	Non-Periodic Reviews.....	22
C.	Client Reports .....	22
ITEM 14:	CLIENT REFERRALS AND OTHER COMPENSATION .....	22
A.	Compensation by Non-Clients.....	22
B.	Compensation for Client Referrals .....	23
ITEM 15:	CUSTODY .....	23
ITEM 16:	INVESTMENT DISCRETION.....	23
ITEM 17:	VOTING CLIENT SECURITIES .....	24
ITEM 18:	FINANCIAL INFORMATION.....	24
A.	Prepayment of Fees (Six or more months in advance) .....	24
B.	Impairment of Contractual Commitments .....	24
C.	Bankruptcy Petitions .....	24

## Item 4: Advisory Business

### A. Description of the Firm

Bruce S. Brickman & Associates, Inc. (“**Brickman**”), a New York corporation, was established in 1993 and is primarily owned and fully controlled by Bruce Brickman and Kathleen Corton. We are a real estate private equity firm with over 20 years of experience investing in real estate debt and equity. Since inception, through December 31, 2016, we have invested over \$4.8 billion of total capital in more than 103 real estate transactions throughout the United States. We invest in real estate assets including office, as well as loans to, and preferred equity in, real estate-related entities. We have in the past invested in multi-family and hotel properties.

Our management team offers years of experience in originating, acquiring, financing, operating, developing, leasing, managing and selling real estate-related investments. We make these investments through investment vehicles. We have launched investment vehicles representing over \$1.5 billion of equity capital.

We have organized and control entities which serve as the administrative managers, managing members or general partners to the Private Funds (for further information please reference Section 7.A as well as Section 7.B. of Schedule D of Part 1 to our Form ADV which is publicly available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and Item 8 of this Brochure) (collectively, the “**Brickman Managers**”).

We are under common control with Hillcrest Finance Mach I & Mach II LLC (formerly known as Hillcrest Finance LLC), and its affiliates Hillcrest M1 EM Member, LLC, Hillcrest Credit and Income Fund II GP, LLC, Hillcrest Credit and Income Fund Manager, LLC and Hillcrest Finance LLC (collectively, the “**Hillcrest Managers**”) (for further information please reference Section 7.A as well as Section 7.B. of Schedule D of Part 1 to our Form ADV which is publicly available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) and Item 8 of this Brochure). The Hillcrest Managers are primarily owned and controlled by Kathleen Corton and Bruce Brickman. Further information on the Hillcrest Managers can be found in this document under the section entitled Item 10 – Other Financial Industry Activities and Affiliations and in Part 1 of our Form ADV.

Although organized as separate legal entities, Brickman, the Brickman Managers and the Hillcrest Managers conduct a single advisory business and are subject to a unified compliance program. The Brickman Managers and the Hillcrest Managers intend to conduct their activities in accordance with the Investment Advisers Act of 1940, as amended, and the rules thereunder (the “**Advisers Act**”). Any employee of the Brickman Managers and the Hillcrest Managers, and any other person acting on their behalf, are and shall be subject to the supervision and control of Brickman. The Brickman Managers and the Hillcrest Managers are relying on Brickman’s registration under the Advisers Act and are not registering themselves. The Brickman Managers and the Hillcrest Managers shall be included in all references to “we”, “us” or “Brickman” herein.

## **B. Types of Advisory Services**

We specialize in real estate investment advisory and management services. We are not involved in investments which are not related to real estate.

### **Private Funds**

We act as the investment manager providing discretionary investment management services to privately offered pooled investment vehicles ("**Private Funds**") and select joint ventures. The Private Funds are organized or "sponsored" by us and one of the Brickman Managers or the Hillcrest Managers act as the administrative manager, managing member or general partner of each of the Private Funds.

For a list of the Private Funds, please reference Item 8 as well of this Brochure, as Section 7.B. of Schedule D of Part 1 to our Form ADV which is publicly available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

In addition to the foregoing, affiliates of Brickman serve as the investment manager to a number of special purpose vehicles through which several of the Private Funds have invested. We generally form special purpose vehicles to facilitate portfolio investments by the Private Funds for tax, regulatory, or economic purposes. The Brickman Manager or the Hillcrest Managers that acts as the investment manager to a particular special purpose vehicle is determined on the basis of the Private Fund that invests through such special purpose vehicle.

Each Private Fund was established to make investments in real estate, real estate-related assets and debt investments backed by real estate and real estate-related assets. See Item 8 for more information with respect to the investment strategies of the Private Funds.

The Private Funds are not registered as investment companies under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**") and are, therefore, not subject to various provisions of the Investment Company Act. Shares or interests in the Private Funds are not registered for sale under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and are instead sold to qualified investors on a private placement basis.

The services we provide to a Private Fund, in the capacity as the investment manager, general partner, and/or managing member, may include: organizing and managing the Private Fund's business affairs; acquiring, financing and disposing of investments; preparing financial statements; preparing tax related schedules; and providing investor relations functions such as drafting, printing and distributing correspondence to investors and prospective investors. Since principals of Brickman invest our own capital in each Private Fund up to a certain percentage of aggregate investor capital commitments to such Private Fund, we have a substantial equity investment in each Private Fund.

Affiliates of Brickman may also provide property management, leasing and development services to the Private Funds and their investments and receive fees from the Private Funds in exchange for providing such services, as described in the Partnership Agreements.

The term “**Client**” herein refers to a Private Fund as well as any joint ventures..

Bruce Brickman, Kathleen Corton, Steve Klein, Michael Esquenazi, Doug Barnes and Paul Kotcher (the “Brickman Investment Committee”), and Bruce Brickman, Kathleen Corton and Samantha Miller (the “Hillcrest Investment Committee”) (together the “Investment Committees”) are actively involved in the investment decisions for each respective Client. The Investment Committees assist in the development of each Client’s investment objectives; identifying potential investments which are consistent with each Client’s investment objectives; evaluating specific real estate investments; analyzing, structuring and negotiating investments; providing ongoing asset management of real estate investments; identifying opportunities to enhance investor return; developing strategy relative to investment holding periods and dispositions; and overseeing the marketing of investments identified for sale.

We provide investment advice directly to the Private Funds and not individually to the investors in each Private Fund.

#### **C. Client Tailored Services and Client Tailored Restrictions**

We manage each Private Fund based on the investment objectives and investment restrictions set forth in the limited partnership agreement of each such Private Fund (together with any amendments thereto, each a “**Partnership Agreement**”) and investment management agreement between us and each such Private Fund (together with any amendments thereto, each a “**Management Agreement**”, and together with the Partnership Agreement of each Private Fund and the confidential private placement memorandum of a Private Fund, the “**Offering Documents**”).

Typically, pursuant to the Management Agreement of each Private Fund, we are prohibited from investing more than a certain percentage of such Private Fund’s assets in any single investment. Further, we may enter into side letters with certain investors in the Private Funds which impose further restrictions on our discretionary authority.

Investors are not advisory clients of the firm and do not impose restrictions on how we invest our Private Funds, other than through negotiation of the Partnership Agreement, Management Agreement, their subscription agreement and side letter entered into with us, if any.

We manage joint ventures based on the investment objectives and investment restrictions set forth in the investment management agreement for the applicable Client.

#### **D. Wrap Programs**

We do not participate in wrap fee programs.

#### **E. Assets Under Management**

As of December 31, 2016, we had approximately \$ \$522,326,000 of real estate investments and minimal cash invested by our Clients (in terms of “regulatory assets under management” which

includes committed uncalled capital). This entire amount is managed on a discretionary basis. In addition, we manage approximately \$44,600,000 on a non discretionary basis.

## Item 5: Fees and Compensation

### A. Fee Schedule

#### Private Funds

The Brickman Managers and the Hillcrest Managers receive management fees and carried interest for their advisory services to the Clients. .

Until the investment period for each Private Fund has terminated, each Private Fund pays to the applicable Brickman Manager or Hillcrest Manager annual advisory fees ("**Management Fees**") equal to a certain percentage of the total capital commitments (regardless of whether such capital has been invested) of the partners of the applicable Private Fund. Following the end of the investment period of each Private Fund, the Management Fee of such Private Fund is equal to a certain percentage of the invested capital of such Private Fund, as determined in accordance with such Private Fund's Management Agreement. Advisory fees for joint venture Clients are negotiated and set forward in the applicable investment management agreement.

Each Brickman Manager or Hillcrest Manager, in its discretion, may waive or reduce the Management Fee applicable to all or any of the investors in each Private Fund or agree with an investor to waive or alter the Management Fee as to that investor. The Management Fee charged by certain of the Private Funds is reduced by the amount of any transaction, break-up or similar fees received by us as described in the Partnership Agreement of the applicable Private Fund.

There can be no assurance as to when capital will be invested or that the entire capital commitment of an investor will be invested by each Private Fund.

Each Brickman Manager or Hillcrest Manager that serves as general partner of a Private Fund is apportioned carried interest distributions from each Private Fund ("**Carried Interest**") based on the net cash proceeds attributable to Private Fund investments. Each such general partner, in its discretion, may waive or reduce the Carried Interest as to all or any of the investors in each Private Fund or agree with an investor to waive or alter the Carried Interest as to that investor. The Carried Interest is also subject to a "clawback", which means that each general partner is required to return to the investors in each Private Fund distributions it receives from such Private Fund which constitute Carried Interest under such Private Fund's Partnership



Agreement if the general partner of such Private Fund has received, over the term of such Private Fund, an aggregate amount of Carried Interest distributions which exceeds the amount of Carried Interest distributions payable to the general partner pursuant to the terms of the applicable Partnership Agreement, applied on an aggregate basis covering all investments of such Private Fund over the term of such Private Fund.

With respect to each Private Fund, Management Fees do not exceed 1.50% per annum, and Carried Interest distributions do not generally exceed 20% of the profits earned by such Private Fund.

Investors should refer to each Private Fund's Partnership Agreement and Management Agreement for additional or supplementary information regarding such Private Fund as well as the fees paid by such Private Fund.

### **Joint Venture Clients**

The Management Fee will be calculated pursuant to the terms of the Client's investment management agreement.

## **B. Payment Method**

### **Private Funds**

The Management Fee generally will be paid by each Private Fund quarterly in advance by (i) issuing capital calls to the investors, (ii) borrowing under credit facilities or (iii) or by paying the Management Fee from investment proceeds or other cash held by each Private Fund. The Carried Interest for each Private Fund is paid out as a distribution of the net cash proceeds attributable to dispositions of portfolio investments of such Private Fund.

### **Joint Venture Account Clients**

The Management Fee will generally paid pursuant to the terms of the Client's investment management agreement.

## **C. Other Fees and Expenses**

Each Private Fund bears the expenses of its organization (subject to a maximum amount as set forth in the Partnership Agreements) and all operational expenses incurred in connection with the purchase, sale, financing and refinancing of investments, and the fees and expenses of third party service providers to the Private Fund. Depending upon the Partnership Agreement and amendments, for a specific fund, such fees and expenses include but are not limited to:

- (i) legal, auditing, consulting, financing and accounting fees and expenses of the Private Fund;

- (ii) expenses associated with the preparation and distribution of the Private Fund's financial statements and reports to Private Fund investors and the costs of preparing and filing the Private Fund's tax returns;
- (iii) out-of-pocket expenses and other expenses incurred in connection with the operation of the Private Fund under the laws of the jurisdiction in which it is organized;
- (iv) expenses incurred in connection with transactions pursued but not ultimately consummated;
- (v) expenses of appraisers and consultants;
- (vi) expenses of litigation and indemnification;
- (vii) insurance premiums;
- (viii) expenses of advisory committee meetings and meetings of the Private Fund investors;
- (ix) other expenses associated with the acquisition, holding, financing, refinancing and disposition of the Private Fund's investments, including extraordinary expenses;
- (x) construction or development fees; and
- (xi) any taxes, fees or other governmental charges levied against the Private Fund.

From time to time, we may receive various fees, including origination, acquisition, construction or development fees, disposition, brokerage, investment banking, financing, break-up or similar fees from portfolio companies or third parties which are directly related to the activities of the Private Funds. Typically, any such fees received by us will be applied (i) to reimburse us for any expenses incurred and not otherwise reimbursed and (ii) to prepay Management Fees with respect to the Private Fund(s) to which such fees relate. In addition, as described in the Partnership Agreements, we may charge certain of the Private Funds property management fees, leasing fees, development fees and investment sourcing fees, which fees do not offset the Management Fees. From time to time, the Brickman Managers, the Hillcrest Managers and their respective affiliates may also receive various fees from joint venture partners, according to the terms of their agreements.

The existence of acquisition and disposition fees and other fees as discussed above, if any, create an incentive to acquire or dispose of assets based on compensation received versus a Private Fund's needs; however, we have procedures to ensure we manage each Private Fund in accordance with the investment strategy set forth in the Offering Documents.

Each joint venture relationship Client bears the expenses of its account and all operational expenses incurred in connection with the purchase, sale, financing and refinancing of investments, and the fees and expenses of third party service providers to the Client.

#### **D. Prepayment of Fees and Refunds**

##### **Private Funds**

The Management Agreements for the Private Funds may be terminated upon the earliest to occur of: (a) the dissolution of such Private Fund, (b) the delivery of written notice by the general partner of such Private Fund terminating the Management Agreement; or (c) the

affirmative vote of a specified percentage of investors to remove the general partner either (i) due to the occurrence of certain bad acts (as specified in the applicable Partnership Agreement) or (ii) without “cause”. The applicable Brickman Manager or Hillcrest Manager will be entitled to all accrued but unpaid management fees through the date of termination of the applicable Management Agreement and will not be required to return any such management fees to the Private Funds or investors in the event of termination of the Management Agreement.

Except as otherwise provided in the Partnership Agreements, no investor may withdraw from a Private Fund or make a demand for or receive paid-in capital.

### **Joint Venture Account Clients**

Joint Venture account Clients will be entitled to a refund of any fees paid in advance, pursuant to the terms of their investment management agreement.

## **E. Sales Compensation**

We do not accept compensation in connection with the sale of interests in the Private Funds. In limited situations, subject to applicable law, we may compensate supervised persons or placement agents in connection with the sale of interests in the Private Funds.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

“Performance-Based Fees” are fees that are based on a share of the capital gains or capital appreciation of the assets of an account. Each general partner to a Private Fund receives performance-based compensation in the form of carried interest distributions from each Private Fund. For a discussion of our Carried Interest, please refer to Item 5A above. Fees based on performance will only be charged in accordance with the provisions of Rule 205-3 under the Advisers Act.

Performance-based compensation may create an incentive for us to cause a Client to make investments that are riskier than it would otherwise make. Performance-based fee arrangements may also create an incentive to favor Clients which charge a higher carried interest percentage than other Clients in the devotion of time, resources and allocation of investment opportunities.

To manage these potential conflicts, we have adopted a number of compliance policies and procedures. These policies and procedures include (i) our Code of Ethics (see Item 11), (ii) our Compliance Manual, and (iii) allocation policies which seek to ensure that investment opportunities are allocated fairly among Clients and that all Client accounts are managed in accordance with their investment mandate (see Item 12). We do not consider fee structures in allocating investment opportunities.

## **Item 7: Types of Clients**

### **Private Funds**

For a discussion of our Private Funds, please refer to Item 4 above.

We generally require investors in a Private Fund to make a minimum capital commitment to that Private Fund, although the amount of the minimum varies from fund to fund. The minimum investment requirements may be waived by us in our sole discretion. Investors that are U.S. persons must be “accredited investors” under Regulation D under the Securities Act, and, for certain Private Funds, “qualified purchasers” under Section 2(a)(51)(A) of the Investment Company Act. The Private Funds charge performance fees only with respect to those investors in each Private Fund who are “qualified clients” eligible to pay performance fees under the Advisers Act.

We require Private Fund investors to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment in a Private Fund.

### **Joint Venture Accounts**

On a limited basis, we manage accounts for Clients that are not investors in the Private Funds. JOINT VENTURE” account Clients are typically institutional in nature and are considered on a case by case basis.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

### **A. Methods of Analyses**

Investments for each Client are identified and selected by the applicable Investment Committee. We primarily conduct research on portfolio investments of a Private Fund based generally on (i) reviews of market comparable data, legal documents and industry research and reviews; (ii) interviews of key tenants and suppliers; and (iii) site visits to each property to examine the property. In certain instances, we may also retain outside consultants and advisors having special expertise in relevant fields. We compile the foregoing information and employ a variety of financial analysis tools and methodologies in valuing and evaluating potential investments. Following an investment by a Client, we will continue to monitor the progress and suitability of portfolio investments as well as market and economic conditions.

*Investments in securities involve risk of loss that investors must be prepared to bear.*

## **B. Investment Strategies**

### ***Investment Strategies***

The investment strategy of **Brickman Real Estate Fund I, L.P.** was to purchase, originate, finance, manage and dispose of investments in the following assets classes:

- equity investments in real estate assets, mortgages, portfolios, joint ventures and operating companies; and
- indirect investments in real estate through investments in companies or funds which invest in mezzanine loans, preferred equity investments and mortgages.

The investment period of **Brickman Real Estate Fund I, L.P.** has ended and, as such, **Brickman Real Estate Fund I, L.P.** is no longer permitted to make new investments.

The investment strategy of **Brickman Real Estate Fund II, L.P.** was to purchase, originate, finance, manage and dispose of investments in the following assets classes:

- Class A and B office properties located in metropolitan areas, primarily on the East Coast of the United States (the “**Office Strategy**”); and
- non-office real estate assets, such as multi-family properties, that we believe offer risk-return fundamentals comparable to those of the Office Strategy.

The investment period of **Brickman Real Estate Fund II, L.P.** has ended and, as such, **Brickman Real Estate Fund II, L.P.** is no longer permitted to make new investments.

The investment strategy of **Brickman Fund III, L.P.** was to purchase, originate, finance, hold, manage and dispose of investments in the following assets classes:

- office, residential and hotel assets;
- office, residential and hotel development or redevelopment opportunities;
- mezzanine loans and non-performing loans; and
- real estate-related operating companies.

The investment period of **Brickman Real Estate Fund III, L.P.** has ended and, as such, **Brickman Real Estate Fund III, L.P.** is no longer permitted to make new investments.

The investment strategy of **Brickman Fund IV, L.P.** was substantially the same as the investment strategy of **Brickman Real Estate Fund II, L.P.**, as described above. The investment

period of **Brickman Real Estate Fund IV, L.P.** has ended and, as such, **Brickman Real Estate Fund IV, L.P.** is no longer permitted to make new investments.

The investment strategy of **Brickman Fund V, L.P.** was to purchase, originate, finance, manage and dispose of investments in the following assets classes:

- Real estate-related debt, including the origination and acquisition of performing, sub-performing and non-performing first mortgages, mezzanine, B-notes and C-notes backed by real estate and real estate-related assets located in the United States; and
- Investments in real estate and real estate-related assets located in the United States, including assets which arise as a result of the dislocation in the real estate capital markets and declining real estate fundamentals (distressed asset sales) or in connection with the recapitalization of real estate and/or real estate-related assets.

The investment strategy of **Brickman Fund V Co-Invest, L.P.** was to make investments alongside Brickman Fund V, L.P., in certain debt investment opportunities which were suitable for Brickman Fund V, L.P. The investment period of **Brickman Fund V, L.P.** and **Brickman Fund V Co-Invest, L.P.** have ended and, as such, **Brickman Fund V, L.P.** and **Brickman Fund V Co-Invest, L.P.** are no longer permitted to make new investments.

The investment strategy of **Brickman Co-Investment Fund, L.P.** was to make co-investments alongside Brickman Fund III, L.P., Brickman Fund IV, L.P. and Brickman Fund V, L.P., in investment opportunities which were suitable for Brickman Fund III, L.P., Brickman Fund IV, L.P. and Brickman Fund V, L.P. The investment period of **Brickman Co-Investment Fund, L.P.** has ended and, as such, **Brickman Co-Investment Fund, L.P.** is no longer permitted to make new investments.

The investment strategy of **Brickman Fund VI, L.P.** is to purchase, originate, finance, manage and dispose of investments in U.S. markets, primarily in “Class B” office buildings that can be repositioned or renovated to appeal to today’s small and mid-sized tenants.

The investment strategy of **Hillcrest Credit and Income Fund II, L.P.** is to originate subordinate debt and preferred equity on stabilized and transitional real estate assets across the United States, using an unlevered strategy focused on middle market transactions in the top 25 U.S. metropolitan areas and their submarkets, which exhibit job growth, generally driven by the healthcare, knowledge, and technology industries.

Investment opportunities which are appropriate for more than one Client will be allocated by us according to our allocation policies as set forth in the Partnership Agreement of each Private Fund and as described further in Section 12.B below.

Each Private Fund may make its investments through the formation of subsidiaries formed as real estate investment trusts, limited liability companies or other entities. We may also, in our sole discretion, establish parallel and/or feeder partnerships, real estate investment trusts, group trusts or other investment vehicles to address the tax, regulatory or other concerns of certain prospective investors. In order to insulate the assets of a Private Fund against liabilities arising from particular investments, to facilitate any financing to be incurred in order to acquire

investments and to provide flexibility in disposing of investments, we may use domestic and foreign special purpose vehicles to make Private Fund investments.

The investment strategy for each Private Fund is more particularly described in each Private Fund's Offering Documents. Prospective investors should carefully read the Offering Documents of a Private Fund and consult with their own counsel and advisers as to all matters concerning an investment in such Private Fund prior to making an investment.

## **C. Material Risks**

### **Investment Strategy Risks:**

Acquiring interests in a Private Fund is intended for sophisticated investors who can accept a high degree of risk in their portfolio, do not need regular current income from their investment with us and can accept a potential loss of their entire investment. Investment risks specific to the investment strategy of each Private Fund are described in the Offering Documents of such Private Fund. Such risks may include (but are not limited to):

*Portfolio Concentration.* A Private Fund may hold a relatively small number of real estate investments. Losses incurred in such investments could have a disproportionate effect on the Private Fund's overall financial condition.

*Competition for Portfolio Investments.* Identifying, completing and realizing attractive real estate investments is highly competitive, and involves a high degree of uncertainty. There can be no assurance that we will be able to locate, consummate and exit investments that satisfy a Private Fund's investment objectives or realize upon their values or be able to invest fully a Private Fund's committed capital.

*Illiquid Investments.* Return of capital and the realization of gains, if any, from the investments of a Private Fund generally will occur only upon the partial or complete disposition of an investment which may not occur for a number of years after the investment is made. It is unlikely that there will be a public market for the investments held by a Private Fund at the time of their acquisition. Such illiquidity may limit the ability of the Private Fund to vary its portfolio of investments in response to changes in economic and other conditions. Illiquidity may result from the absence of an established market for investments as well as the legal or contractual restrictions on their resale.

*Portfolio Management.* The performance of a Private Fund depends on the applicable Investment Committee's skill in making appropriate investment decisions and their ability to structure, consummate, leverage, manage and realize returns on attractive investments.

*Diversity.* Although diversification will be a factor in each Private Fund's investment decisions, originating and maintaining a diverse portfolio will not be any Private Fund's primary focus.

There is no assurance as to the degree of diversification by asset, property type, or other metrics that will actually be achieved in each Private Fund's investments.

*Non-Controlling Interests.* Although we will seek appropriate rights to protect each Private Fund's interests, a Private Fund may hold a non-controlling interest in an investment and, therefore, may have a limited ability to protect its position in such assets and control the management and disposition of such assets.

*Targeted Rate of Return on Investments.* The Private Funds will make investments based on our estimates or projections of internal rates of return and current returns, which in turn are based on, among other considerations, assumptions regarding the performance of each Private Fund's investments, the amount and terms of available financing and the manner and timing of dispositions, including possible asset recovery and remediation strategies, all of which are subject to significant uncertainty. In addition, events or conditions that have not been anticipated may occur and may have a significant effect on the actual rate of return on each Private Fund's investments.

*Unknown Risks.* The Private Fund's due diligence may not reveal all of the factors affecting an investment and may not reveal weaknesses in such investments. There can be no assurance that our due diligence processes will uncover all relevant facts that would be material to an investment decision.

*Leverage.* We will utilize leverage on behalf of the Private Funds with the goal of enhancing the returns of the Private Funds. A Private Fund's failure to obtain leverage at the contemplated levels, or to obtain leverage on attractive terms, could have a material adverse effect on such Private Fund. Use of leverage will subject a Private Fund to risks normally associated with debt financing, including the risk that the Private Fund's cash flow will be insufficient to meet required payments of principal and interest, the risk that indebtedness on the investments will not be able to be refinanced or the risk that the terms of such refinancing will not be as favorable as the terms of the existing indebtedness.

In addition, a Private Fund may invest in investments which have significant leverage. The use of leverage is a speculative technique that involves special risk considerations. To the extent an investment in which a Private Fund invests is leveraged, its leveraged capital structure will increase the exposure of the investment to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the company or its industry sector.

*Subordinated Positions.* Subordinate loans such as junior participations in mortgages, mezzanine loans (and participations therein) have a risk of credit loss that is significantly enhanced due to the subordinate nature of such investments. In the event of default, the net proceeds from a foreclosure or restructuring may not be sufficient to cover the expenses of foreclosure and payment in full of the debt.



*Use of Credit Spreads.* The Private Funds may make investments with projected returns predicated upon improvement in credit spreads. There is no assurance that credit spreads will improve and, there is no assurance that a Private Fund will be able to realize the value from spread improvements if the market for the investment is illiquid.

*Hedging.* The Private Funds may employ various hedging strategies to limit the effects of changes in interest rates (and in some cases, credit spreads). No strategy can completely insulate a Private Fund from the risks associated with interest rate changes and there is a risk that they may provide no protection at all and potentially compound the impact of changes in interest rates. Moreover, hedging can cause the Private Funds to lose money and can reduce the opportunity for gain.

### **Portfolio Investment Risks:**

The Private Funds will be primarily investing in debt and equity investments related to real estate and real estate-related assets.

*Fluctuations and Cycles in the Real Estate Market.* The Private Funds are subject to the risks inherent in the real estate market. Real estate historically has experienced significant fluctuations and cycles in performance, that may result in reductions in the value of the Private Funds' real estate-related investments.

*U.S. and Global Economies.* The Private Funds and their investments may be negatively affected by continued downturns in the U.S. and global economies and real estate markets.

*Delinquency Risks.* The commercial mortgage and mezzanine loans the Private Funds may originate or acquire are subject to delinquency, foreclosure and loss which could result in losses to the Private Funds.

*Operating Companies.* Certain of the Private Funds may make investments in real estate-related companies which are existing businesses. Accordingly, such Private Funds will assume various risks associated with the operations of such companies including, but not limited to, employee-related issues and operational liabilities. Additionally, such Private Funds will rely upon the portfolio companies' management teams to operate the companies on a day-to-day basis. There can be no assurance that such management will continue to operate the companies.

*Real Estate Development.* The Private Funds may be affected by risks associated with real estate development. The Private Funds may acquire direct and indirect interests in real estate development projects. To the extent that the Private Funds invest in such development activities, they will be subject to the risks normally associated with such activities.

*Construction Lending Activities.* The Private Funds may originate loans for the construction of commercial and residential use properties. Construction lending generally is considered to involve a higher degree of risk than other types of lending due to a variety of factors, including generally larger loan balances, the dependency on successful completion of a project, the dependency upon the successful operation of the project (such as achieving satisfactory occupancy and rental rates) for repayment, the difficulties in estimating construction costs and

loan terms which often do not require full amortization of the loan over its term and, instead, provide for a balloon payment at stated maturity.

*Environmental and other liability.* The Private Funds and their investments may be exposed to substantial risk of loss arising from investments involving undisclosed or unknown environmental, health or occupational safety matters, or inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. The Private Funds and their investments may be subject to a wide range of environmental, health and safety laws, ordinances and regulations, including without limitation, those relating to the investigation, removal, and remediation of past or present releases of hazardous or toxic substances. Such laws may impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved.

The Private Funds are subject to additional risks than those set forth above. Please see the Offering Documents of each Private Fund for additional risks associated with such Private Fund.

## **Item 9: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or potential client's evaluation of the firm or the integrity of the firm's management in this item.

We have no legal or disciplinary events to report.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker-Dealer or Registered Representative**

Neither we nor any management person is registered as a broker-dealer or registered representative.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor or Associated Person**

Neither we nor any management person is registered as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor or an Associated Person.

### **C. Material Relationships**

We currently have certain relationships or arrangements with related persons that are material to our advisory business or our Clients. Below is a discussion of such relationships/arrangements and any conflicts that arise from them.

**1. Broker-dealer, municipal securities dealer, or government securities dealer or broker**

None

**2. Investment Company or other pooled investment vehicle**

See Item 7 above. Investors in a Private Fund must understand that each Private Fund was formed as an investment product to be managed by us, and that we do not intend to cause any Private Fund to terminate its investment management relationship with us absent our liquidation or bankruptcy. In addition, Private Fund investors generally are not permitted to withdraw from a Private Fund prior to its dissolution.

**3. Other investment adviser or financial planner**

Brickman controls all of the Brickman Managers and the Hillcrest Managers which serve as investment managers or general partners to the Private Funds, as discussed in Item 4 above. Certain inherent conflicts of interest arise from the fact that: (1) we provide investment management services to more than one Private Fund, and (2) Private Funds may have one or more overlapping investment objectives and/or investment strategies and participation in specific investment opportunities may be appropriate for more than one Private Fund. Participation in investment opportunities which are suitable for more than one Private Fund will be allocated pursuant to our allocation policy and procedures (see Item 12.B).

As disclosed to investors previously, we are under common control with the Hillcrest Managers. The Hillcrest Managers are primarily owned and controlled by Kathleen Corton and Bruce Brickman. Further information on the Hillcrest Managers can be found in Part 1 of our Form ADV.

**4. Futures commission merchant, commodity pool operator, or commodity trading adviser**

None

**5. Banking or thrift institution**

None

**6. Accountant or accounting firm**

None

**7. Lawyer or law firm**

None

**8. Insurance company or agency**

None

**10. Real estate broker or dealer**

None

**11. Sponsor or syndicator of limited partnerships**

Certain of our affiliates serve as the general partner of the Private Funds that we manage.

**D. Selection of Other Investment Advisers**

We do not select other advisers to provide services to the Private Funds.

**Item 11: Code of Ethics**

**A. Code of Ethics**

In order to address conflicts of interest, we have adopted a code of ethics (the “**Code**”) which is applicable to all of our officers, principals, managers, members, associated persons and employees involved in the provision of investment advice (collectively, “**Associated Persons**”). The Code generally sets the standard of ethical and professional business conduct that we require of our Associated Persons, requires Associated Persons to comply with applicable federal securities laws and regulations, and sets forth provisions regarding personal securities transactions by Associated Persons. Additionally, the Code sets forth our policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary obligations that we and each of our Associated Persons owes to each advisory client.

The Code is circulated at least annually to all Associated Persons, and each Associated Person at least annually must certify in writing that he or she has received and followed the Code and any amendments thereto.

We will provide a copy of the Code to any client or prospective client upon request.

**B. Recommendations Involving Material Financial Interests**

We and our Associated Persons do not purchase any securities or assets for our own accounts from, or sell any securities or assets for our own accounts to, Clients. However, from time to time, subject to applicable investment guidelines and restrictions, we may direct one Client to sell securities or assets to another Client through an internal cross transaction.

Cross trades may be viewed as principal transactions due to our ownership interests in the Private Fund. Cross transactions and principal transactions may give rise to conflicts of interest between Clients. For example, one Client could be advantaged to the detriment of another Client in the event that the securities or assets being exchanged are not priced in a manner that reflects their fair value. In addition, we could use our investment authority to transfer unappealing securities or assets from one Client to another Client.

To the extent that any such cross transaction may be viewed as a principal transaction due to our ownership interest in the Private Funds, we will comply with the requirements of Section 206(3) of the Advisers Act and our internal policies and procedures. Specifically, our Associated Persons must provide notice to, and obtain the approval of, our Chief Compliance Officer or designee, prior to executing a principal trade or cross trade. When reviewing a proposed principal trade or cross trade, the Chief Compliance Officer or designee shall confirm, among other things: (i) that such trade is allowed by the applicable Client's investment guidelines, (ii) that our valuation procedures were followed when pricing the transaction, including obtaining a third-party valuation when appropriate, and (iii) in the case of principal trades, that notice of the specific trade was provided to a legal representative of the Private Fund and written consent from each applicable Private Fund's advisory committee was obtained.

We or an affiliate serve as the general partner, investment manager and/or investment adviser to the Private Funds. We have a material personal investment in each Private Fund through the general partner of each Private Fund and as investors in each Private Fund. Associated Persons may own interests in the Private Funds, either directly or indirectly through family members. We do not believe that these investments cause a conflict of interest between us and the Private Funds but rather function to better align the interests of the investors with our own interests since our own capital is being invested alongside the investors' capital. By virtue of our capital investment in the Private Funds, we may be considered to participate, indirectly, in transactions effected for the Private Funds. We may also earn additional fees and be reimbursed for expenses in relation to this role, as discussed in Item 5 above, and the relevant governing documents. The foregoing relationships, fees and any other actual or potential conflicts of interest arising therefrom are disclosed in the Offering Documents.

### **C. Personal Trading**

We generally do not co-invest with any of our Clients, other than the in the role of general partner or sponsor or investor in the Private Funds. However, our Associated Persons may have direct and indirect investments of their own capital or other financial interests in our Clients through, for example, direct investments, deferred compensation agreements, performance allocation and carried interest.

Our Code also addresses personal trading for Associated Persons. Included in the personal trading section is the requirement for all Associated Persons to pre-clear personal investments in initial public offerings, and private placements. It further requires Associated Persons that we deem as access persons (investment personnel, portfolio managers) to report their personal securities holdings and transactions on a quarterly basis.

## **D. Other Conflicts of Interests**

Our Code of Ethics has policies and procedures to address the following additional conflicts of interest. While we do not believe that there are any conflicts that pose material risks to the Private Funds' interests, we wish to note some additional potential conflicts that are inherent in our structure and activities. We also have included brief descriptions of the procedures we use to mitigate their effects.

### *1. Non Public Material Inside Information/Insider Trading*

We have established policies and procedures reasonably designed to prevent the misuse by us and our Associated Persons of material information regarding issuers of securities that has not been publicly disseminated ("**material non-public information**"). In general, under the procedures, when we are in possession of material non-public information related to a publicly-traded security or the issuer of such security, whether acquired unintentionally or otherwise, neither Brickman nor its Associated Persons are permitted to render investment advice as to, or otherwise trade or recommend a trade in, the securities of such issuer until such time as the information that we have is no longer deemed to be material non-public information.

### *2. Gifts/Gratuities*

Our Codes sets forth procedures regarding gifts and business entertainment to address the potential conflicts of interest surrounding these practices. In general, we limit the receipt of gifts to each Associated Person from each business contact, and limit the giving of gifts to investors and potential investors and other business contacts. In addition, with regard to business entertainment, we have a policy to generally allow for business entertainment opportunities provided that it is for legitimate business purposes. Exceptions to these policies may be made upon review and approval by an appropriate member of senior management. In all cases, we monitor not only potential conflicts of interest in individual instances of gifts or business entertainment but also patterns over time. A further explanation of our gift and business entertainment policy can be found in our Code of Ethics.

### *3. Political Contributions*

Due to the potential for conflicts of interest, we have established procedures relating to political contributions which are designed to comply with applicable federal and state law. All Associated Persons are required to seek pre-approval before making any political contribution.

### *4. Valuation*

Our Clients may at times hold illiquid or difficult to value investments. We believe our valuation policies and procedures enable us to value Client assets fairly and in a manner that is consistent with the best interests of the Clients, however since we have the authority to determine the value of the Clients' investments which may be illiquid or difficult to value, we may have an incentive to select the highest potential value for these investments. The risk of

this potential conflict of interest is mitigated by the fact that neither our Management Fee nor our Carried Interest is impacted by the valuation of our Clients' investments.

#### *5. Conflicts from Competing Interests*

Our Clients may compete with each other for access to our resources, including investment opportunities. There may be conflicts of interest in allocating investment opportunities among the current and future Private Funds we manage, however the Partnership Agreements contain restrictions on our ability to sponsor or manage competing funds and to allocate investment opportunities away from the Private Funds. We may devote more time, attention or resources to some of our Clients than to others and/or present an investment opportunity to certain Clients that we do not or cannot present to all. This could have a material adverse effect on a Client's ability to acquire assets, generate cash flow and income, and make distributions.

We may confront conflict concerns when allocating scarce investment opportunities, given the benefit to us of favoring Clients that pay a higher fee or generate more income for us. To address this conflict of interest, we have adopted various allocation policies (See Section 12) as well as supervisory procedures that are intended to fairly allocate investment opportunities among competing Clients.

Performance-based compensation may create a conflict of interest, as it can create an incentive for us to make or recommend investments that are riskier or more speculative than would be the case in the absence of such compensation structure. Certain of our supervised persons individually receive, as part of their compensation, carried interest payments, which are based on the performance of the relevant Client. We manage each Private Fund in accordance with the investment strategy set forth in the Private Fund's Offering Documents and strive to ensure that investors are aware of the investment strategy and the risks associated with the strategy. The Offering Documents of each Private Fund contains further details regarding the incentive allocation and risk and strategy of such Private Fund.

## 6. *Conflicts from our other activities and investments*

We may engage in a broad spectrum of real estate finance and investment activities that are independent from, and may from time to time conflict with, our Clients. In the future, there might arise instances where our interests conflict with the interests of a Client and/or investors. We have investments in real estate and real estate-related assets in which our Clients do not have an ownership interest. Certain conflicts of interest may result from such investments. Subject to the restrictions set forth in the Partnership Agreements, we may invest in investments that are senior to or junior to, participations in, or have rights and interests different from or adverse to, the investment opportunities of the Private Funds. Our interests in such investments may conflict with the interests of our Clients in related investments at the time of origination or in the event of default or restructuring of the investment. Subject to certain limitations set forth in the Partnership Agreements, we may also invest in real estate and real estate-related assets that may be competitive with our Clients or the properties securing their investments. To the extent we invest in competitive properties, such properties may impair the performance of Clients' investments.

As described above, we may perform property management, leasing and development services to the Private Funds and their investments and receive fees from the Private Funds in exchange for providing such services, as described in the Partnership Agreements. The ability to earn such fees from certain of the Private Funds may incentivize us to perform more of these services than we might otherwise perform.

## 7. *Conflicts in general*

Various parts of this brochure discuss potential conflicts of interest that arise from our advisory business. We disclose these conflicts due to the fiduciary relationship we have with our Clients. When acting as a fiduciary, we owe Clients a duty of loyalty. This includes the duty to address, or at minimum disclose, conflicts of interest that may exist between different Clients; between us and our Clients; or between our Associated Persons and Clients. Where potential conflicts arise from our fiduciary activities, we will take steps to mitigate, or at least disclose, them. Conflicts arising from fiduciary activities that we cannot avoid (or chose not to avoid) are mitigated through written policies that we believe protect the interests of our Clients as a whole. In these cases – which include issues such as personal trading and client entertainment, discussed above – regulators have generally prescribed detailed rules or principles for investment firms to follow. By complying with these rules and following robust compliance practices, we believe that we handle these conflicts appropriately.



## **Item 12: Brokerage Practices**

### **A. Criteria for Selection of Broker-Dealers**

#### **In General—Brokerage Selection**

Our Clients make investments in real estate and real estate-related assets and debt investments backed by real estate and real estate-related assets. We do not utilize the services of a securities broker in selecting the investments for Clients.

Accordingly, we do not select brokers for Client transactions, engage in soft dollar arrangements, enter into agreements with, or make commitments to any broker-dealer that would bind us to compensate that broker-dealer, directly or indirectly, for the sale of Private Fund interests, through the placement of brokerage transactions, or have any clients that direct brokerage to certain brokers.

### **B. Aggregation of Orders/Allocation of Trades**

Since we invest on behalf of our Clients in real estate and real estate-related assets and debt investments backed by real estate and real estate-related assets, we are not able to aggregate securities or investment transactions for Clients.

The Partnership Agreements set forth our investment opportunity allocation procedures. Generally, if there is an investment opportunity that is suitable for more than one Private Fund, each Private Fund still in its investment period will be given the opportunity to participate in such investment opportunity in such amounts as we reasonably determine in good faith, based on factors such as the available capital of each Private Fund, investment restrictions and diversification requirements of each Private Fund, anticipated termination of the relevant investment period of each Private Fund, and other relevant factors.

We, in our sole discretion, may also offer the right to participate in investment opportunities to one or more strategic investors, lenders, or other third-parties. We will allocate available investment opportunities among Clients, strategic investors, and other third-parties as we may reasonably determine in good faith.

## **Item 13: Review of Accounts**

### **A. Periodic Reviews**

The management team monitors all Client accounts and their investments on an ongoing basis. The management team meets regularly, generally to review portfolio performance, portfolio

diversification and investments generally. The management team also is responsible for approving the acquisition by a Client of investments meeting established or negotiated investment guidelines.

## **B. Non-Periodic Reviews**

Not applicable.

## **C. Client Reports**

Private Fund investors receive such reports as are provided for in the Private Fund's Partnership Agreement. Private Fund financial statements will be prepared in accordance with U.S. Generally Accepted Accounting Principals and will be distributed to investors after the end of each Private Fund's fiscal year. Investors also receive quarterly reports containing information on the Private Fund's portfolio holdings, including summary descriptions of the applicable Private Fund's investments made and disposed of during such quarter. These reports may include or be accompanied by information with respect to the performance of the Private Fund, other information about the investor's capital account and certain tax-reporting information (*e.g.*, Form K-1).

We may rely on information provided by third parties in preparing reports, and a third party may assist in preparing or distributing reports. To the extent reports include or rely upon information from another source, we attempt to obtain such information from reliable sources; however, the accuracy of such information cannot be guaranteed. Reports may also include or rely upon fair value determinations made by us or a third party. While such valuations are made in good faith, their actual or empirical accuracy cannot be guaranteed.

We, in our discretion, may provide more frequent reports and/or more detailed information to all or any of the investors in the Private Funds.

## **Item 14: Client Referrals and Other Compensation**

### **A. Compensation by Non-Clients**

From time to time, we may receive transactions fees, including origination, acquisition, disposition, brokerage, investment banking, financing, break-up or similar fees from portfolio companies or third parties which are directly related to the activities of the Private Funds. Typically, any such fees received by us will be applied (i) to reimburse us for any expenses incurred and not otherwise reimbursed and (ii) to prepay Management Fees with respect to the Private Fund(s) to which such fees relate. In addition, as described in the Partnership Agreements, we may charge certain of the Private Funds property management fees, leasing fees, development fees and investment sourcing fees, which fees do not offset the Management

Fees. We may also receive leasing, property management and development fees from persons other than the Private Funds in certain limited instances.

## **B. Compensation for Client Referrals**

Unrelated third-parties may be compensated for assistance in arranging capital commitments from both domestic and foreign sources in the Private Funds. Any such arrangements are conducted pursuant to written agreements. The compensation to be paid to such unrelated parties is negotiated on an individual case basis.

## **Item 15: Custody**

### **Private Funds**

Generally, except for certain privately offered securities, neither we nor any of our affiliates maintain physical possession of the funds or securities of any Private Fund. Physical custody of the assets of a Private Fund (other than certain privately offered securities) are maintained with a bank, trust company, broker-dealer or other qualified custodian ("**Qualified Custodian**") selected by us in our exclusive discretion, which selection may change from time to time generally without the consent of investors in the Private Fund.

Although neither we nor our affiliates have physical possession or custody of any Private Fund assets (other than certain privately offered securities), under Rule 206(4)-2 of the Advisers Act (the "**Custody Rule**"), we are deemed to have "constructive" custody of the assets of the Private Funds by virtue of our and our affiliates relationships with the Private Funds.

In order to comply with the Custody Rule, the Private Funds undergo an annual audit performed by an independent accounting firm registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB). The audited financial statements, prepared in accordance with GAAP, are distributed to all investors in each Private Fund within 120 days of the end of the Private Fund's fiscal year.

## **Item 16: Investment Discretion**

Subject to any investment restrictions set forth in the Offering Documents for a Private Fund we have discretionary authority to make the following determinations without obtaining the consent of any Client before the transactions are effected:

- the investments that are to be bought or sold;
- the total amount of investments to be bought or sold;

- the brokers, investment banks or placement agents, if any, through which investments are to be bought or sold; and
- the acquisition price and associated fees at which investment transactions for a Client are effected.

Our discretionary authority is derived from our authority as the investment manager of each Private Fund and our authority pursuant to the Offering Documents, including the Partnership Agreement and Management Agreement of each Private Fund.

## **Item 17: Voting Client Securities**

Our Clients invest in real estate related assets. Due to the nature of these investments, we do not anticipate having authority to vote proxies since we do not make direct investments in public securities.

## **Item 18: Financial Information**

### **A. Prepayment of Fees (Six or more months in advance)**

Not Applicable.

### **B. Impairment of Contractual Commitments**

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. We have no financial commitment that impairs our ability to meet our contractual and fiduciary commitments to our Clients.

### **C. Bankruptcy Petitions**

Not Applicable.