

Divco West Real Estate Services, LLC

Part 2A of Form ADV

The Brochure

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Divco West Real Estate Services, LLC

This brochure (this “Brochure”) provides information about the qualifications and business practices of Divco West Real Estate Services, LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (415) 284-5700. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. The Adviser’s registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about the Adviser is available on the SEC’s website at www.Adviserinfo.sec.gov.

This Brochure is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to purchase any interest in any entity, investment, or investment vehicle. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related subscription materials.

Item 2. Material Changes

The Adviser believes that there have not been material changes to its business or the way in which the Adviser conducts and supervises its business. The Adviser routinely makes changes throughout its Brochure in an effort to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry and firm practices. The Adviser believes that these changes are not material changes and does not describe them in this Item 2. Upon request, the Adviser will provide you with comparison of this Brochure against the one previously filed indicating these changes.

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Item 4. Advisory Business

For purposes of this Brochure, the “Adviser” means Divco West Real Estate Services, LLC, a Delaware limited liability company, together (where the context permits) with its affiliated General Partners of the Clients (each as defined below) and other affiliates that provide advisory services to and/or receive advisory fees from the Clients. Such affiliates may or may not be under common control with Divco West Real Estate Services, LLC, but possess a substantial identity of personnel and/or equity owners with Divco West Real Estate Services, LLC. These affiliates may be formed for regulatory or other purposes in connection with the organization of the Clients, or may serve as General Partners of the Clients.

The Adviser (and its “Relying Advisers,” each as disclosed on Schedule D, Section 1.B. of Part 1A) was founded by Stuart Shiff in 2006 and is principally owned indirectly by Mr. Shiff. The Adviser is a vertically-integrated operating company, which, together with its affiliates, provides investment advisory, property, development and construction management and leasing services and has corporate offices in San Francisco, Los Angeles and Cambridge, Massachusetts. The Adviser is comprised of a dedicated group of professionals with extensive experience in sourcing, structuring, acquiring, developing, redeveloping, managing, leasing and selling primarily real estate and other real estate-related assets.

The Adviser provides investment advisory services to pooled private real estate investment vehicles (the “Funds”) that are structured as limited partnerships and limited liability companies. The Funds are exempt from registration as investment companies under U.S. law by virtue of Section 3(c)(1), Section 3(c)(5) and/or Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are exempt from registration under the Securities Act of 1933, as amended (the “Securities Act”). For the purpose of accommodating the tax, compliance, regulatory or commercial objectives of particular Fund investors, the Adviser may also establish alternative investment vehicles that will invest alongside and/or in place of a Fund, on substantially the same terms as those of the applicable Fund, except to the extent necessary to achieve the legal, tax, regulatory or other similar considerations intended to be achieved by employing an alternative investment vehicle. The Adviser also provides investment advisory services to certain institutional investors through separately managed accounts (the “Non-Funds” and together with the Funds, the “Clients”). The Adviser may enter into similar arrangements with Non-Funds and other Funds in the future. The Clients hold investments, directly or indirectly, in hard real estate and/or real estate-related assets.

The Adviser provides its investment advice pursuant to, and subject to the strategy and restrictions (if any) set forth in each Client’s offering memorandum, organizational documents, subscription agreements, advisory or investment management agreements and/or any side letter agreements negotiated with investors in the applicable Client (to the extent applicable with respect to each Client, collectively, “Organizational Documents”). Investment advice is provided to the Clients by the Adviser or an affiliate of the Adviser (e.g., the General Partner) and not individually to the limited partners, investors or members thereof. The Adviser may add to, change or otherwise modify its investment strategies at any time in its sole discretion, provided, that any such modification or change falls within the parameters of a Client’s Organizational Documents.

The Adviser manages approximately \$3,210,213,000 in assets on a discretionary basis, calculated based on the gross asset value of such assets, as of December 31, 2016. The Adviser manages approximately \$1,226,792,000 on a non-discretionary basis, based on the gross asset value of such assets, as of December 31, 2016.

Throughout this Brochure, we disclose a number of conflicts of interest and provide summaries of a number of our policies and procedures designed to detect and address these conflicts and others. We encourage Fund investors, potential investors, Clients and potential clients to review our policies and procedures and inquire directly with us about our conflicts. Our compliance policies and procedures are available for review in our offices.

Item 5: Fees and Compensation

The Adviser does not have a set basis for compensation by its Clients, but instead negotiates fee arrangements on a case by case basis. The Adviser may receive fees from certain parties for consulting services with respect to real property. With respect to new Clients, this negotiation will often take place between the Adviser or its affiliates and the prospective lead investor(s) of such Client for Funds and/or with the employees of the Non-Funds. Fee arrangements typically involve a combination of one or more of the following: (1) management and performance based fees and/or profit-sharing and (2) fees, costs and expenses, each as described below.

Management and Performance Fees

As compensation for investment advisory services rendered to the Funds, the Adviser or one of its affiliates is generally entitled to an annual management fee (the “Management Fee”) payable quarterly in advance, subject to the terms of the Client’s Organizational Documents. In certain cases, the Management Fee charged to a particular Client may be based on committed capital and/or remaining invested capital. The Management Fees paid by a Fund may also be reduced by certain organizational or other expenses borne by such Fund, subject to the terms of the Client’s Organizational Documents. Management Fees will be paid directly by each Client, and will be indirectly borne by investors of such Client; however, the actual fees, and the method in which such fees are paid by the Client, are always determined by negotiation, regardless of whether the fee is borne directly by the investor or the Client.

The Management Fee arrangement is detailed in the applicable Organizational Documents of each Client received by each investor prior to an investment in such Client. At the discretion of a Fund’s General Partner, the General Partner may waive or modify the Management Fee paid by certain investors in the Funds, including the Adviser in such capacity, its affiliates, employees, business associates and other “friends and family” investors (collectively, “Adviser Investors”) in connection with their investment in a Fund. Notwithstanding that Adviser Investors will generally not pay Management Fees, Adviser Investors will pay for their pro rata share of certain Fund expenses or the pro rata portion of such Adviser Investors’ expenses will be allocated to the Adviser or the General Partner of the applicable Fund. The fee structures described herein may be modified from time to time. Overall fees may differ from one Fund to another, as well as among investors in the same Fund.

In addition, generally, as set forth in Item 6 below, the General Partners and their affiliates are each eligible to receive performance based fees and/or profit-sharing as a percentage of the net profits of the Clients after certain specified returns have been achieved by the investors on their contributed capital, subject to the terms of the applicable Organizational Documents. Overall fees may vary by Client and are determined in accordance with the applicable Organizational Documents. Each General Partner also reserves the right to apply different performance based fee arrangements to Investors on an individual basis.

The Adviser (or an affiliate of the Adviser) may, or may cause a Client to, acquire an interest in one or more pooled investment vehicles, which, in some cases, may be structured as a joint venture with one or more other parties. In these cases, the Adviser may receive a direct or indirect interest in the current income and gains/losses as an investor in such vehicle in addition to the Management Fees and performance-based compensation it is entitled to receive from the applicable Client.

Fees, Costs and Expenses

In addition to the fees above, each Client generally bears all of its operating expenses, including legal, organizational, offering expenses and other expenses, and each Investor bears its pro rata portion of these expenses. Organizational expenses of a Client may include the out-of-pocket expenses of the Adviser, the General Partner and/or their affiliates incurred in the formation of a Client, which are often subject to a cap.

Such ongoing operating expenses of a Client will be set forth in the applicable Organizational Documents, and generally include, but may not be limited to:

Operating Expenses

All costs that are related to the Client's or its subsidiaries' operations, including (A) the management fee; (B) costs, fees and other out-of-pocket expenses related to the investigation of investment opportunities, whether or not consummated, and whether incurred before or after the formation of the Client; (C) costs and expenses related to the acquisition (including legal, regulatory, tax and/or compliance costs incurred in connection with structuring such acquisition), ownership, management, operation, development (including hard and soft costs), improvement, servicing, financing, refinancing, currency hedging costs, hedging of interest rates on financings, or sale or other disposition of investments, including costs relating to property operations and services, such as for example direct application service costs (e.g., Nexus, MRI, etc.); (D) expenses associated with the organization and documentation of any Client subsidiaries (including any subsidiary REITs), alternative investment vehicles and holding vehicles; (E) costs and expenses of meetings with or reporting to the investors in the Client (including any reports prepared upon the request of an investor); (F) subject to clause (G) below, fees, costs and expenses for the following, whether, in each case as applicable, such fees, costs and expenses are charged for services performed by third parties or affiliates of the Adviser (e.g., accounting and tax and compliance professionals), (1) accounting, bookkeeping, auditing, research, consulting, and legal services, (2) any reports, studies or other materials prepared by such third-parties, including, for example, environmental sustainability studies for the Client's investments, (3) maintaining the Client's and its subsidiaries' bank accounts or of any banks, custodians, depositories or administrators appointed for the monitoring and/or safekeeping of the investments or other property of the Client or any subsidiary and (4) preparing and distributing financial statements, tax returns and reports and audits (including reports prepared upon the request of an investor) to investors; (G) fees, costs and expenses for legal services performed by in-house legal counsel employed by the Adviser or its affiliates (other than the general counsel), so long as the Client is charged the rates set forth in the Adviser's 'Affiliate Fee Schedule', or such other rates as approved by the Advisory Committee of the Client and such fees, costs and expenses are not duplicative of fees, costs and expenses incurred by the Client for the same legal services performed by outside legal counsel; (H) costs and expenses of meetings of or reporting to the Client's Advisory Committee as set forth in the Client's Organizational Documents; (I) costs related to risk management services and insurance for the Client, including insurance to protect the Client, the Adviser, the Adviser's applicable affiliates, and the respective officers, directors, employees, partners, managers, and members of any of the foregoing, the investors and the members of the Client's Advisory Committee or the investors that have appointed such members of the Client's Advisory Committee in connection with the performance of activities related to the Client; (J) costs relating to the Client's indemnification of the indemnified parties specified in the Client's Organizational Documents; (K) litigation expenses; (L) obligations arising in connection with any borrowings of the Client and its subsidiaries; (M) expenses incurred in connection with liquidating the Client and its subsidiaries; (N) any taxes, fees or other governmental charges levied against the Client or its subsidiaries and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Client or its subsidiaries; (O) travel costs associated with investigating and evaluating investment opportunities (whether or not consummated), or making, monitoring, managing or disposing of investments (provided that travel costs reimbursable by the Client incurred in connection with flying shall not exceed the costs of a commercial flight); (P) travel costs and expenses incurred in connection with meeting with the existing Client's investors to discuss the Client's investments, performance, and other Client matters (provided that travel costs reimbursable by the Client incurred in connection with flying shall not exceed the costs of a commercial flight); (Q) all costs and expenses incurred by or on behalf of the Client, including reasonable attorneys' fees and disbursements, in connection with any transfer by an investor of its interest in the Client; (R) expenses and costs incurred in connection with government and regulatory filings (including those relating to the Alternative Investment Fund Managers Directive); (S) expenses of depository and administrator services; (T) all costs and expenses incurred in connection with any (i) civic initiatives and real estate related charitable events, provided that in no event will the aggregate amount allocated to the Client pursuant to this clause (T)(i) exceed the sums specified in the Client's Organizational Documents

for any given fiscal year, and (ii) real estate and/or property related private events (e.g., broker events, leasing and marketing initiatives, sporting events) or conferences (but not including real estate investor private events or civic initiatives, conferences (i.e., PREA and IREA)) and real estate industry events or informal meetings, hosted, sponsored and/or attended by the Adviser or its affiliates, that, in each case, the General Partner of the Client determines, in its good faith discretion, are intended to benefit the Client or its investments; provided that amounts relating to more than one fund or investment vehicle managed by the Adviser or an affiliate of the Adviser which are permitted by their terms to bear such amounts, shall be allocated pro rata among the Client and such other investment vehicles by the General Partner of the Client in its good faith discretion, provided, however, there is no assurance that the Client or its investments will directly benefit from such events; and (U) the costs of any third parties and, subject restrictions on retaining affiliates of the Adviser as set forth in the Client's Organizational Documents, any affiliates of the Adviser retained to provide services to the Client or its subsidiaries, including any fees paid to such affiliates; and

all other costs and expenses not specifically provided for above that are incurred in connection with forming or organizing any investment-specific subsidiary, operating or conducting the business of the Client or its subsidiaries, or performing the duties of the General Partner under the Client's Organizational Documents; provided, however, that, except as described below, Clients are generally not responsible for any of the following: (A) ordinary operating and office overhead or any expenses of the General Partner, the Adviser or their affiliates (i.e., technology, research, rent, furniture, fixtures and office equipment) other than as permitted by the terms of the Client's Organizational Documents, (B) compensation of the employees of any affiliate of the Adviser other than as permitted by the terms of the Client's Organizational Documents, (C) compliance and regulatory costs of the Adviser and its affiliates to the extent not directly incurred as a consequence of forming, operating and managing the Client or its subsidiaries and (D) any other overhead expenses not attributable to the formation, operation, ownership, operation and management of the Client, its subsidiaries and/or its investments other than as permitted by the terms of the Client's Organizational Documents.

Formation Expenses

Clients generally bear the legal and other organizational expenses incurred by the Client Fund or the Adviser in connection with the formation of the Client, its General Partner, any parallel funds and any feeder funds, and the admission of investors to the Client and investors to any parallel funds and feeder funds, including travel (provided that travel costs reimbursable by the Client incurred in connection with flying shall not exceed the costs of a commercial flight), legal, accounting, filing and all other expenses incurred by the Client or the Adviser in connection with the offer and sale of interests in the Client and such parallel funds and feeder funds, subject to certain offsets and caps as set forth in the Client's Organizational Documents.

All fees and expenses of finders or placement agents incurred in connection with the offering or sale of interests in the Client and any parallel funds and feeder funds are generally borne by the Adviser and its affiliates, but may be incurred by the Client subject to a dollar-for-dollar offset against management fees payable to the Adviser.

The above list is not intended to be exhaustive; prospective investors in a Client are advised to review the applicable Organizational Documents for an additional description of the fees and expenses associated with investments in such Client.

Certain Client-specific expenses may be paid by the Adviser and later reimbursed by the Client(s) based on the appropriate allocation methodology (as described below under "*Allocation of Expenses*"). Any such expenses that have been paid by the Adviser shall be reimbursed by the applicable Client(s) and/or subsidiary.

Affiliate Services Fees

Subject to the Client's Organizational Documents, certain Adviser affiliates may be hired to provide ongoing property management, leasing, construction, development, operational, legal and other services (the "Non-Advisory Services"). In any such situation, the Adviser affiliate will be compensated by the Client for such services and will not reduce the Management Fee paid by such Client. To the extent required by the applicable Fund's Organizational Documents, fees charged by an Adviser affiliate for services may also require review by the respective Fund's advisory committee. Such fees and reimbursements will be consistent with the terms in the related Organizational Agreement. The Adviser expresses no view of how such fees, reimbursements and terms compare to the relevant markets; potential investors in a Client must review such fees, reimbursements and terms and form their own independent view thereof. Further, such fees paid by a Client to an Adviser affiliate will not be shared with such Client, and are in addition to and do not offset the Management Fee. Notwithstanding such retention, certain elements of the services and performance thereof may then be sub-contracted to third parties in whole or in part. These fees may create certain conflicts of interest, including, for example, an incentive for the Adviser to hold investments longer than it may otherwise hold which may result in lower returns for the Clients. The Organizational Documents of the Clients generally set forth parameters and/or restrictions on the use of affiliated service providers, and some of the Organization Documents include requirements that the fees for Non-Advisory Services generally be comparable to applicable third parties. For additional information on the conflicts of interest involved in retention of Adviser affiliates, please see Item 11 below.

Allocation of Expenses

When expenses are incurred that benefit more than one Client, the Adviser allocates such expenses in accordance with each Client's Organizational Documents and, to the extent not addressed in such Organizational Documents of a Client or such agreement with a portfolio investment, then in the sole and absolute discretion of the Adviser, in each case taking into account such factors that it determines in its sole and absolute discretion to be relevant.

The appropriate allocation of expenses and fees generated in the course of evaluating potential investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser and its affiliates in their good faith discretion, consistent with the Organizational Documents of the Clients, as applicable. If multiple Clients commit to evaluate a potential investment that is not consummated, the Adviser generally allocates fees and expenses generated in the course of evaluating such investment among such Clients pro rata based on the anticipated investment of each Client, subject to the Organizational Documents of the Clients and any arrangements whereby a third-party is contractually obligated to reimburse the Adviser for such amounts. From time to time pursuant to the terms of the Organizational Documents, in the discretion of the Fund's General Partner, the General Partner may offer one or more investors, including Fund investors, the opportunity to co-invest in investments alongside the Fund. Expenses may not be allocated to co-investment vehicles unless and until they are contractually required to invest in such investment. Subject to the Organizational Documents of the Clients, the Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable.

Item 6: Performance-Based Fees and Side-by-Side Management

Performance-Based Fees

As described above, in addition to Management Fees charged to Clients, affiliates of the Adviser (i.e., the General Partner) to the Clients may receive performance based fees and/or profit-shares. Specifically, the General Partners may receive carried interest calculated as a percentage of the profits of the Clients (the "Carried Interest"). Such allocation of profits is only allocated to the General Partners of the Clients when

specific conditions are met, such as the return of all capital contributed to the Clients by investors or all the capital contributed by the investors to that investment, as well as allocable fees and expenses, and the receipt of a preferred return on such amounts. The Organizational Documents of each Client provide more detailed information concerning Carried Interest. Carried Interest paid by a Client is indirectly borne by the investors in such Client. Certain Clients and investors in such Clients may incur lower or no Carried Interest. Performance based compensation arrangements may create an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different compensation arrangement and may affect how and when they manage, operate and dispose of the investments.

The payment by some, but not all, Clients of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Client) creates an incentive for the Adviser to disproportionately allocate time, services or functions to Clients paying Carried Interest or Clients paying Carried Interest at a higher rate, or allocate investment opportunities to such Clients. Generally, the Organizational Documents of a Fund prohibit new investments by a successor Fund with the same investment targets until certain conditions have been met.

Side-by-Side Management

From time to time pursuant to the terms of the Organizational Documents, a General Partner of a Fund may, in its discretion, offer to strategic or other investors, including Fund investors, a portion of any investment opportunity that is within a Fund's investment objective, and may give priority co-investment rights to certain Fund investors (including the Adviser and/or its affiliates and designees) who meet certain criteria. The terms of any co-investment opportunity will generally be as determined by the General Partner in its discretion. As noted above, a Fund may bear or be responsible for more than its pro rata share (based on relative equity participation) of expenses, guarantees and/or recourse liabilities, including environmental and other "non-recourse carveout" or so-called "bad boy" liabilities and proposed participants in co-investment opportunities may not always bear broken deal expenses, with the result that the Fund may, in certain circumstances, bear all such broken deal expenses or recourse liabilities. In addition, the Fund may enter into joint ventures or make investments in which other parties may co-invest, including entities affiliated with the General Partner and the Adviser. For additional information on the risks involved in connection with Joint Venture Investments, please see Item 11 below.

Please see Item 11 below regarding allocation of investment opportunities among the Clients and for additional information relating to how conflicts of interest are generally addressed by the Adviser.

Item 7: Types of Clients

The Adviser's clients are the Funds and Non-Funds, structured as a limited partnerships or limited liability companies (and alternative investment vehicles and parallel or co-investment vehicles formed for investments made outside or alongside the limited partnerships or limited liability companies). The Funds are exempt from registration as an investment company under U.S. law by virtue of Section 3(c)(1), Section 3(c)(5) and/or Section 3(c)(7) of the 1940 Act and exempt from registration under the Securities Act. The Clients are private real estate investment vehicles that exclusively hold investments, directly or indirectly through entities organized as limited partnerships and/or limited liability companies, in hard real estate and/or real estate-related assets. Investment advice is provided directly to the Clients (subject to the direction and control of the General Partner) and not individually to the investors in a Client. The Adviser also provides investment advisory services to certain institutional investors through separately managed accounts. The Adviser may enter into similar arrangements with Non-Funds in the future.

The investor base (i.e., limited partners, investors and members) consists of institutional investors such as pension plans, trusts, endowments, foundations and sophisticated, high net worth participants. These investors must meet certain minimum financial requirements in order to invest in the Clients.

The Adviser does not have a minimum size for a Client, but the Organization Documents of a Client may cap the aggregate size of such client and a minimum investment commitment may be established for investors in a Fund. Subject to the Organizational Documents of the Fund, the General Partner of such Fund may in its sole discretion permit investments below the minimum amounts set for such Fund.

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

Investment Strategy

The Adviser employs a range of investment strategies in managing its Clients' assets, which include primarily identifying and investing in real estate and real estate-related assets, many of which are located in technology-oriented areas, seeking to capitalize on the Adviser's extensive relationships within the markets it has served over the last 20 years. The Adviser will pursue specific investment objectives and strategies for each Client as set out in such Client's Organizational Documents. Historically, the Adviser has been focused on acquiring, redeveloping or developing primarily office and R&D properties serving the technology sector, as well as other property types and areas, throughout the U.S. and other locations permitted by the specific Fund.

The Adviser's vertically-integrated operating approach plays an important role in the investment process. Its investment strategy is generally comprised of the following attributes:

- **Focus on Fundamentals and Downside Protection.** The management team has been active in real estate for an average of over 20 years, and has developed close relationships with tenants, leasing brokers and lenders in the markets it serves. The Adviser's relationships and experience provide a thorough understanding of submarket and tenant nuances and should allow the Adviser to identify assets when available with strong fundamentals in order to minimize downside risk.
- **Create Value Through Active Asset Management.** The Adviser leverages its in-house asset management and leasing platforms to improve assets through hands-on management, aggressive leasing and value-oriented capital improvements. The Adviser also pays particular attention to pursuing investments and structures that lend themselves to multiple exit strategies and is consistently evaluating opportunities to realize gains by selling assets at the appropriate time.

Methods of Analysis

The Adviser typically utilizes various criteria in evaluating an individual real estate or real estate related opportunity for investment, including but not limited to:

- Investment goals for the particular Client;
- Evaluation of economic cycle and market opportunity/risk in the geographic markets being considered for investment;
- Expected supply and demand for real estate currently and forecasted over the investment hold period in the target market;

- Ability to underwrite the investment opportunity and to mitigate risk in downside scenarios;
- Ability to evaluate and satisfactorily mitigate legal, environmental and other asset specific risks identified during the due diligence process;
- Ability to add value through combination of more efficient management, aggressive leasing, targeted capital improvements and implementation of a particular investment's business plan;
- Ability to acquire an investment at or below cost basis (generally below replacement cost) where attractive risk-adjusted returns can be achieved and downside risk is limited; and
- Availability and structure of anticipated financing.

Similarly, when considering a sale of an existing real estate or real estate related investment, the Adviser generally revisits the macro-economic environment and geographical considerations of the individual investment, potential modifications and enhancements to the current business plans, exit alternatives and timing, and how best to maximize values for all investors given the particular Fund or Non-Fund's life.

Risks Related to Investment Strategy and Method of Analysis

*Investing in securities entails a high degree of risk and is suitable only for sophisticated institutions or individuals for whom such investment is not a complete investment program and who fully understand and are capable of bearing the risks associated with such an investment, **INCLUDING THE RISK OF LOSS OF THE ENTIRE INVESTMENT.***

The factors described below represent certain risks involved in any investment in securities. However, these risk factors do not describe all the risks associated with an investment in securities. Each of the risk factors listed below, individually on its own or when taken together with others, could have a material adverse effect on a Fund or Non-Fund. There can be no assurance that any Fund or Non-Fund will achieve its investment objective or that its investors will receive any return on, or the return of, their invested capital.

The below is not intended to be exhaustive; prospective investors in a Client are advised to review the applicable Organizational Documents for additional risks and potential conflicts of interest associated with and specific to an investment in such Client.

Material Risks of Specific Types of Investments

General Risks of Real Estate Investment. All real estate investments, ranging from equity investments to debt investments, are subject to some degree of risk. For example, real estate investments are relatively illiquid and, therefore, will tend to limit a Client's ability to vary the Client's portfolio promptly in response to changes in economic or other conditions. No assurances can be given that the fair market value of any real estate investments held by a Client will not decrease in the future or that a Client will recognize full value for any investment that the Client is required to sell for liquidity reasons. In addition, the ability of a Client to realize anticipated rental and interest income on its equity and debt investments will depend, among other factors, on the financial reliability of its tenants and borrowers, the location and attractiveness of the properties in which it invests, the supply of comparable space in the areas in which its properties are located and general economic conditions. Other risks include changes in zoning, building, environmental and other governmental laws,

changes in operating expenses, changes in real estate tax rates, changes in interest rates, changes in the availability of property relative to demand, changes in costs and terms of mortgage funds, energy prices, changes in the relative popularity of properties, changes in the number of buyers and sellers of properties, the ongoing need for capital improvements, cash-flow risks, construction risks, as well as natural catastrophes, acts of war, terrorism, civil unrest, uninsurable losses and other factors beyond the control of a Client's management.

Additionally, a Client may, in certain instances, be responsible for structural repairs, improvements and general maintenance of real property. The expenditure of any sums in connection therewith beyond those budgeted for by the Client will reduce the cash available for distribution and may require the Client to fund deficits resulting from the operation of a property. No assurance can be given that a Client will have funds available to make such repairs or improvements. These factors and any others that would impede a Client's ability to respond to adverse changes in the performance of its assets could significantly affect the Client's financial condition and operating results.

Acquisitions of Real-Estate Related Businesses. The Clients may acquire real estate companies or other operating companies in order to acquire the underlying real property held by such companies. A Client may effect such acquisitions through corporate transactions in which the Client assumes substantially all of the liabilities of the acquired company, including potential environmental liabilities, liabilities associated with employee claims and liabilities associated with claims by tenants, vendors and other persons. A Client may be unable to integrate such new acquisitions quickly and efficiently into its existing operations or to otherwise effect its business strategy with respect to such new acquisitions and, as a result, the Client's financial condition could be adversely affected.

Risks of Acquisition Activities. The Clients acquire existing properties to the extent that they can be acquired on advantageous terms and meet the Clients' investment criteria. Acquisitions of properties entail general investment risks associated with any real estate investment, including the risk that investments will fail to perform as expected and that estimates of the cost of improvements to bring an acquired property up to standards established for the intended market position may prove inaccurate.

A Client's acquisition activities and their success may be exposed to the following risks:

- the Client may be unable to acquire a desired property because of competition from other well-capitalized real estate investors, including publicly traded REITs, public and private institutional investment funds, foreign investors, various types of financial institutions and their affiliates, family groups and wealthy individuals;
- even if the Client enters into an acquisition agreement for a property, such an agreement would typically be subject to customary conditions to closing, including satisfactory completion of due diligence investigations;
- even if the Client is able to acquire a desired property, competition from other real estate investors may significantly increase the purchase price paid;
- the Client may be unable to finance acquisitions on favorable terms;
- once acquired, a property may fail to perform as the Client projected when analyzing its investments; and
- the Client's estimates of the costs of repositioning, re-tenanting or refurbishing acquired properties may be inaccurate.

A Client may acquire properties subject to known or unknown liabilities and with limited or no recourse. As a result, if liability were asserted against the Client based upon such properties, the Client might have to pay substantial sums to dispute or remedy the matter, which could adversely affect the Client's cash flow and returns. Unknown liabilities with respect to properties acquired could include, for example: liabilities for clean-up of undisclosed environmental contamination; claims by tenants, vendors or other persons relating to the former owners of the properties; liabilities incurred in the ordinary course of business; and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

Risks Associated with Office Properties. The General Partners may cause a Client to invest in commercial office buildings. As with retail properties, the investment in office properties is subject to the risk that tenants may be unable to make their lease payments or may decline to extend a lease upon its expiration. A termination of the lease of an anchor tenant could provide other tenants with the right to modify or terminate their lease. Any such modifications or conditions would be unfavorable to a Client and would decrease rents or expense recoveries. In the event of default by any tenant, a Client may experience delays and costs in enforcing its rights as landlord to recover amounts due to the Client under the terms of our agreements with those parties.

Risks Associated with Industrial Properties. The Clients may invest in commercial or industrial properties, including special use single-tenant properties. With these properties, if the current lease is terminated or not renewed, a Client may be required to renovate the property or to make rent concessions in order to lease the property to another tenant or sell the property. In addition, a Client may have difficulty selling the property to a party other than the tenant due to the special purpose for which the property may have been designed. These and other limitations may affect a Client's ability to sell or re-lease industrial properties and may adversely affect returns to investors.

Properties historically used for industrial, manufacturing and commercial purposes are more likely to contain, or may have contained, underground storage tanks for the storage of petroleum products and other hazardous or toxic substances. Investing in industrial properties that conduct industrial, manufacturing and commercial activities will cause a Client to be subject to increased risk of liabilities under environmental laws and regulations. The presence of hazardous or toxic substances, or the failure to properly remediate these substances, may adversely affect a Client's ability to sell or rent an industrial property.

Risks Associated with Retail Properties. The performance of investments that are retail properties is subject to many of the risks associated with owning and operating other types of real estate. In addition, retail properties may be subject to special risks. For example, in many cases, the tenants of retail properties may negotiate leases containing certain exclusive rights to sell particular types of merchandise or services within a particular retail center. When leasing other space after vacancy by another tenant, these provisions may limit the number and types of prospective tenants for the vacant space. The failure to lease or re-lease on satisfactory terms could harm the operating results of the Clients.

Development, Redevelopment and Construction Risks. The Clients may invest in real property requiring construction, new development or redevelopment. The development and construction of such property is subject to timing, budgeting and other risks that may adversely affect a Client's operating results. Any renovation, redevelopment, development and related construction activities could subject a Client to a number of risks, including risks associated with:

- construction delays or cost overruns that may increase project costs;
- availability and timely receipt of zoning, occupancy and other required governmental permits, authorizations and regulatory approvals;
- development costs incurred for projects that are not pursued to completion;

- acts of God such as earthquakes, hurricanes, floods or fires that could adversely impact a project;
- labor conditions or material shortages that may adversely impact the cost and timing of construction;
- inability to obtain construction and permanent financing on favorable terms, or at all; and
- governmental restrictions on the nature or size of a project; and
- failure to get entitlements, lawsuits and other delays.

These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of construction or development activities once undertaken, any of which could have an adverse effect on the financial condition and results of operations of a Client and on the amount of funds available for distribution to the investors. Properties under construction or development, or properties acquired to be developed, generally generate no cash flow from the date of acquisition through the date of completion of construction or development and experience operating deficits for a period after the date of completion. A Client may commence construction, development or redevelopment activities prior to obtaining financing for such activities and there is no guarantee that financing will be available on favorable terms, or at all.

Possible Inability to Complete Renovation on Advantageous Terms. The renovation of existing properties involves significant risks in addition to those involved in the ownership and operation of established properties, including the risks that financing may not be available on favorable terms for renovation projects and that construction may not be completed on schedule or within budget, resulting in increased debt service expense and construction costs and delays in leasing such properties and generating cash flow. Substantial renovation activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations. Once completed, such renovated properties may perform below anticipated levels, producing cash flow below budgeted amounts. In addition, substantial renovations, regardless of whether or not they are ultimately successful, typically require a substantial portion of management's time and attention, which could divert management's time from a Client's day-to-day operations. The Clients anticipate that future renovation activities may be financed through construction loans, in which case there is a risk that, upon completion of construction, permanent financing may not be available or may be available only on disadvantageous terms.

Volatility of Property Income. The volatility of operating income for a property also may be influenced by matters such as: the length of tenant leases; the creditworthiness of tenants; the level of tenant defaults; the ability to convert an unsuccessful property to an alternative use; new construction in the same market as the subject property; rent control laws or other laws impacting operating costs; the number and diversity of tenants; the availability of trained labor necessary for tenant operations; the rate at which new rentals occur; and the property's operating leverage (which is the percentage of total property expenses in relation to revenue), the ratio of fixed operating expenses to those that vary with revenues, and the level of capital expenditures required to maintain the property and to retain or replace tenants. A decline in the general economy and/or the real estate market or in the financial condition of a major tenant will tend to have a more immediate negative effect on the net operating income of properties with short-term revenue sources (such as short-term or month-to-month leases) and may lead to higher rates of delinquency or defaults under mortgage loans secured by such properties.

Termination or Expiration of Leases. A Client's properties may be subject to existing leases with major tenants occupying a substantial portion of the properties. There can be no assurance that a Client will be able to retain tenants in any of their respective properties upon the expiration of their leases. Upon the expiration or early termination of such leases, the availability of the large blocks of space they cover may have an adverse effect on a Client's ability to achieve the lease terms and rents it might otherwise be able to achieve if space

were to turn over in smaller portions, spread out over a period of time. If the space is suited to the particular needs of a former tenant, then a Client may have difficulty finding a new tenant for the space or may need to redevelop such space.

Unable to Lease Properties. Any of the Client's properties could become partially or completely vacant in the future. If a Client is unable to re-lease these properties and generate sufficient cash flow to replace or exceed that amount lost due to the vacancy, the Client will be required to recognize a financial loss as to that property, which could reduce the Client's operating results and ability to make distributions.

Environmental Risks on Real Estate. Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate (which may include a lender in some instances) may be required to investigate and clean up any hazardous or toxic substances or petroleum product releases at such property and may be liable to a governmental entity or to third parties for property damage and for investigation and cleanup costs incurred by such parties in connection with contamination. These laws typically impose clean up responsibility and liability without regard to whether the owner knew of or caused the presence of the contaminants, and the liability under such laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances or the failure to properly remedy the contamination on such property may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. Persons who arrange for the disposal or treatment of hazardous or toxic substances or petroleum products at a disposal or treatment facility may also be liable for the costs of removal or remediation of a release of hazardous or toxic substances or petroleum products at such disposal or treatment facility, whether or not the facility is owned or operated by such person. In certain circumstances, third-party lenders which have directed or had an active involvement in the environmental compliance activities or the day-to-day management of a borrower's facilities or which have taken possession of or title to such borrower's collateral may be liable for the costs of removal or remediation of a release of hazardous or toxic substances or petroleum products at the facility. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs it incurs in connection with contamination. The owner of a site may also be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. Certain federal, state and local laws, regulations and ordinances govern the removal, encapsulation or disturbance of asbestos-containing materials ("ACMs") when such materials are in poor condition or in the event of construction, remodeling, renovation or demolition of a building. These laws may impose liability for release of ACMs and may provide for third parties to seek recovery from owners or operators of real property for personal injury associated with ACMs.

In connection with its direct or indirect ownership and operation of real estate, the Clients may incur liability for such environmental costs. And in connection with a Client's debt investments, a Client, to the extent it has an active involvement in the environmental compliance activities of a borrower's facilities or takes possession of a borrower's collateral, may incur liability for environmental costs. Also in connection with a Client's debt investments, the ability of the owner to make payments to the Client may be reduced, which in turn may also adversely affect the value of the relevant asset held by the Client. Additionally, changes in environmental laws or in the environmental condition of an asset may create liabilities that did not exist at the time of acquisition and that could not have been foreseen.

Engineering and Environmental Reports. The Clients will receive engineering reports and environmental surveys with respect to its properties. The reports will make observations about the properties. There can be no assurance that the reports will reveal the full extent of repairs or remediation required or that the costs thereof, which a Client will have to bear, will not exceed available funds.

Material Risks of Key Investment Strategies:

Competitive Market. The business of identifying, acquiring and realizing suitable investments is highly competitive and involves a high degree of uncertainty. The Clients will be competing for investments with many other real estate investment vehicles, as well as publicly-traded real estate investment trusts, private investment funds, advisers managing pension fund separate accounts, foreign investors, institutional investors, family groups and wealthy individuals, some or all of which may have more capital and resources than the Clients. These organizations and individuals may be able to accept more risk than the Clients can prudently accept and may invest in promising opportunities before a Client is able to do so, or, their competitive offers to invest may drive up prices of prospective investments thereby lowering potential returns. Further this competition may generally limit the number of suitable investment opportunities offered to a Client or the number of properties that it is able to acquire, and may also increase the bargaining power of property owners seeking to sell to a Client, making it more difficult for it to acquire new properties on attractive terms.

Competition for investments may have the effect of increasing costs, thereby reducing a Client's investment returns. Likewise, other investment companies with similar investment objectives to the Clients may be formed in the future by unrelated parties and compete with the Clients for suitable investment opportunities. There is no assurance that the Clients will be able to locate and complete investments that satisfy its investment objective.

Investment Selection Risk. Given the significant capital allocations to real estate and heightened valuations in the current market (as discussed further herein), investment selection has become increasingly important. Successfully executing value-add plans requires an ability to buy at a discount and recognize tangible opportunities to add real value operationally, physically and/or financially. Should a Client's underwriting falter (e.g., the Client overpays for an asset, invests in assets that are never able to convert to core assets or invests in submarkets that never experience economic growth) and valuations decrease, investors may sustain significant losses.

Possible Lack of Diversification. While the General Partners intend to employ some degree of portfolio diversification as one of its risk management strategies, the Clients are expected to participate in a limited number of investments and there can be no assurances concerning the diversification of the Clients' investments either by geographic region or asset type. To the extent a Client concentrates its investments in certain geographic markets, adverse events or conditions affecting these markets in particular could have a more negative effect on the financial condition and operations of the Client than if its investments were more geographically diverse. Similarly, a Client's financial condition and results of operations could be adversely affected by conditions affecting the Client's specific property types. This could lead to increased risk as a result of a Client having an unintended long-term investment and reduced diversification. A limited degree of diversification increases risk because, as a consequence, the aggregate return of a Client may be substantially adversely affected by the unfavorable performance of even a single investment. In addition, investors have no assurance that as a Client continues to invest the degree of diversification in the Client's investments will increase, with respect to asset category, geographic location or other risk exposure. Portfolio diversification will decrease as a Client's investments are divested.

Nature of Anticipated Transactions. Because of the objectives of the Clients, special considerations are presented by the nature of its anticipated activities. Investment analyses and decisions by the Adviser or one of its affiliates may frequently be required to be undertaken on an expedited basis to take advantage of target investment opportunities. In such cases, the information available to the Adviser or its affiliates at the time of making an investment decision may be limited, and they may not have access to detailed information regarding the underlying real estate, such as physical characteristics, environmental matters, planning regulations or other local conditions affecting an investment. Therefore, no assurance can be given that the Adviser and its affiliates will have knowledge of all circumstances that may adversely affect an investment. In addition, the Adviser expects to rely upon independent consultants in connection with their evaluation of proposed investments, and

no assurance can be given as to the accuracy or completeness of the information provided by such independent consultants or to a Client's right of recourse against them in the event errors or omissions do occur.

Risks of Leverage. The amount of borrowings which the Clients may have outstanding and/or to which its investments may be subject at any time may be large in relation to its capital, the then current value of its investments and/or its uncontributed capital commitments. Although the use of leverage may enhance returns, it will also substantially increase a Client's risk of loss. For example, under declining market conditions, a decline in the value of the collateral securing a mortgage loan could result in covenant breaches and defaults by a Client. Because borrowings may be cross-collateralized, it is likely that a Client could experience concurrent foreclosures of multiple financed assets, accompanied by attendant losses upon lender liquidations. For purposes of this Item 8, "cross-collateralization" shall refer to any debt that is recourse to a Client or which is secured by more than one asset.

In addition, fluctuations in market values may significantly decrease the availability, and increase the costs, of real estate mortgage loans. The ability to obtain financing quickly and on reasonable terms is important to the success of a Client. Any dramatic change in the real estate business may substantially increase the risks that a Client will not be able to obtain such financing. Furthermore, the use of leverage will subject the Clients to risks normally associated with debt financing, including the risk that a Client's cash flow will be insufficient to meet required payments of principal and interest, the risk that the indebtedness on the investments will not be able to be refinanced and the risk that the terms of any refinancing will not be as favorable as the terms of the existing indebtedness. A Client may, under some circumstances, be required to liquidate assets to service interest and principal obligations on leveraged assets. Subject to the Organizational Documents, because a Client may be permitted to incur recourse indebtedness, if a Client defaults on indebtedness secured by a particular property, then the lender may foreclose and the Client could lose its entire investment in the property. Even with respect to nonrecourse indebtedness, the lender may have the right to recover deficiencies from a Client in certain circumstances, including fraud and environmental liabilities. Moreover, if a Client is required to deleverage as a result of changing market conditions, to comply with the limitations on its ability to leverage or otherwise, then it may be forced to sell investments at inopportune times or at disadvantageous prices.

Illiquidity of Investments. The investments to be made by the Clients are likely to be illiquid, and it is unlikely that there will be a public market for any of the investments held by the Clients. The Clients generally will not be able to sell its investments publicly. While an investment may be disposed of at any time, it is generally expected that investments will be held for a number of years after being made. It is possible that a Client may not encounter favorable disposition, financing or refinancing terms for its investments, thereby reducing its returns. No assurances can be given that all investments will be able to be liquidated prior to the scheduled expiration of the term of a Client.

Undiscovered Liabilities. The General Partners intend the Clients to structure investments through privately negotiated transactions where a level of protection is typically afforded by covenants and due diligence. However, there can be no guarantee that a target investment by the Clients does not carry with it a significant undisclosed liability which could have a material adverse effect on the value of the Client's investments.

Fraud. The Clients could be subject to losses due to fraudulent and negligent acts on the part of third parties, including borrowers, brokers, sellers, vendors, tenants, co-lenders, loan participants, servicers, and the boards and management teams of operating companies.

Lack of Independent Investigation by Underwriters. The Clients are not required to engage an independent underwriter to sell their portfolio investments and, therefore, the due diligence investigation ordinarily undertaken by an independent underwriter is not typically done.

Expenses, Reserves for Expenses and Contingencies. The Clients pay all expenses directly or indirectly incurred in the acquisition, management and realization of investments made by the Clients. Such expenses, which may include engineering and environmental reviews and the costs of workouts and restructurings, are generally higher for real estate investments than for many other non-real estate investments. Further, the General Partners may, from time to time, establish reserves for estimated or accrued expenses, liabilities or contingencies, including general reserves for unspecified contingencies, which need not be taken in accordance with generally accepted accounting principles. The establishment and existence of such reserves could substantially reduce the amount of the distributions to the investors.

Casualty Losses; Uninsurable Losses. The Clients intend to maintain insurance on each of its assets in amounts sufficient to permit the replacement of the assets in the event of a total loss, subject to applicable deductibles, and will endeavor to obtain coverage of the types and in the amounts customarily obtained by owners of real estate. The Clients may also require, prior to lending on a given real estate asset, that the owner or property manager obtain suitable comprehensive liability, fire and extended coverage insurance for the property of the types and in the amounts customarily obtained for similar properties. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Additionally, there are certain types of losses, generally of a catastrophic nature, including, without limitation, losses sustained from terrorist strikes, earthquakes, floods and hurricanes, which may be uninsurable, not economically insurable or for which insurance may only be available in amounts that are less than the full market value or replacement cost of the insured properties. Also, there can be no assurance that any risks currently insurable will continue to be insurable on an economic basis. Inflation, changes in building or zoning codes and ordinances, environmental considerations, and other factors may also make it infeasible to use insurance proceeds to replace an asset if it is damaged or destroyed. Under such circumstances, the insurance proceeds received by the Clients might not be adequate to restore its economic position with respect to a particular property. Further, because the Funds are pooled investment funds, all Fund assets may be at risk in the event of an uninsured or under-insured liability to third-parties.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of a target investment prior to its maturity, the Clients may be required to make certain representations and warranties about such target investment. The Clients may also be required to indemnify the purchasers of such target investment in case any such representations and warranties are inaccurate. These arrangements may create contingent liabilities of the Clients, for which the General Partners may establish reserves or escrow accounts.

Uncertain Asset Valuation. Certain actions by the General Partners, such as the sale of investments, may be based on the General Partners' estimate of the value of the Clients' investments. Accordingly, investors will need to rely on the judgment of the General Partners for valuing the Clients' investments. A valuation is only an estimate of value and is not a precise measure of realizable value. Ultimate realization of the value of an asset depends to a great extent on economic and other conditions beyond the control of the Clients. Further, valuations do not necessarily represent the price at which an investment would sell since market prices of investments can only be determined by negotiation between a willing buyer and seller. If a Client were to liquidate a particular investment, the realized value may be more than or less than the General Partner's valuation of such asset.

Sale of Investments. When selling portfolio investments, the Clients may find it necessary or desirable to provide secondary financing to purchasers. In the event a Client finds it necessary or desirable to provide such secondary financing, a liquidation of the Client may be delayed beyond the anticipated term of the Client until the proceeds are collected. In addition, a Client will be subject to the risk of a default by the buyer with respect to any such secondary financing, and will be subordinated to any primary financing obtained by the buyer.

Co-Investment. From time to time pursuant to the terms of the Organizational Documents, in the discretion of a Fund General Partner, the General Partner may offer one or more Fund investors the opportunity to co-invest in investments alongside the Fund. In addition, the Fund may enter into joint ventures or make

investments in which other parties may co-invest, including entities affiliated with the General Partner and the Adviser. In such an event, the Fund may not be in a position to unilaterally control such investments or exercise certain rights associated with such investments. In addition, if a co-investing party removes its general partner or manager or terminates prior to the Fund, the ability of the Fund to exercise certain rights associated with its investments may require the co-operation of a successor general partner/manager or other persons. Furthermore, if the Fund and co-investors have the ability to dispose of their interests in the co-investment separately, a disposition of a large position by a co-investor may depress the market value of the continuing investment of the Fund or may reduce the price available to the Fund, which may also be disposing of its investment. Potential conflicts may be inherent in, or arise from, the General Partner's discretion in determining when to make such opportunities available to Fund investors. In addition, once such co-investments are made, the Fund's interests and those of co-investing investors may subsequently diverge as market conditions shift or other opportunities become available.

Risks of Joint Venture Investments. The Clients may make investments through joint ventures or other entities with another person or entity (including third parties and funds, separate accounts or co-investment capital managed by the Adviser). Such investments may involve risks not present in investments where a co-investor is not involved, including diverging investment interests of the Client and co-investor, dysfunctional management, increased costs, greater illiquidity, the possibility that a co-investor may have financial difficulties resulting in a negative impact on such investment, or may have economic or business interests or investment objectives which are inconsistent with those of the Client. The joint venture agreement between a Client and a co-investor may grant a co-investor veto powers with respect to major decisions concerning the management, financing or disposition of an investment, which could allow a co-investor to block an action, contrary to the Client's investment objective, and could increase the risk of deadlocks that may adversely affect investment liquidity, values and returns. A Client may be subject to various costs and fees relating to such ventures, including on occasion additional performance-based or asset-based fees or allocations that may be paid to third party operating partners. A Client may bear or be responsible for more than its pro rata share (based on relative equity participation) of expenses, guarantees and/or recourse liabilities, including environmental and other "non-recourse carveout" or so-called "bad boy" liabilities. A Client may hold a non-controlling interest in certain investments and, therefore, may have a limited ability to protect its position in such investments, although the General Partners expect to procure appropriate rights to protect the Clients' interests.

If a Client and co-investors have the ability to dispose of their interests in the investment separately, a disposition of a large position by one party may depress the market value of the continuing investment of the remaining co-investors (possibly including the Client), or may reduce the price available to other co-investors (possibly including the Client) which may also be disposing of their respective investments. In addition, agreements governing joint ventures often contain restrictions on the transfer of a co-investor's interest, "buy-sell" mechanisms or similar provisions that may require the Client to obtain the consent of a co-investor prior to divesting its interest in the joint venture or result in the purchase or sale of the Client's interest at a disadvantageous time or on disadvantageous terms.

If a co-investor removes its general partner or manager or terminates prior to a Client, the ability of the Client to exercise certain rights associated with its investments may require the cooperation of a successor general partner/manager or other persons. In addition, a Client may be liable for actions of its co-investors. It may not be practicable or possible to review the qualifications, condition or suitability of prospective co-investors or partners.

Reliance on Professionals. The Clients' future success depends, to a significant extent, upon the continued services of the Adviser's investment professionals (the individuals who are material to the Clients' success are not limited to the designated "key persons"). Any of these individuals could be difficult to replace, and the loss of any of them could have a material adverse effect on the Clients' investment results and prospects.

Changes in Market Circumstances. The Clients face risks attendant to changes in economic environments, changes in interest rates, instability in certain securities markets, changes in the relative valuations of its investments and changes in the availability of, and/or the general terms and conditions for, investment financing, among other factors – any one of which could adversely affect investment returns. In addition, major market disruptions could occur which could significantly impair the value of the portfolio. Investments in real estate and real estate-related entities are subject to various risks, including, for example, adverse changes in national and international economic and geopolitical conditions, local market conditions and the financial conditions of tenants; changes in the number of buyers and sellers of properties; increases in the availability of supply of property relative to demand; changes in availability of financing; increases in interest rates, real estate tax rates, energy prices, and other operating expenses; changes in environmental laws and regulations, zoning laws and other governmental rules and policies; changes in the relative popularity of properties; risks due to dependence on cash flow; risks and operating problems arising out of the presence of certain construction materials, as well as acts of God, uninsurable losses and other factors which are beyond the control of the Clients. In addition, real estate is subject to long-term cyclical trends that give rise to significant volatility in real estate values. Many of the factors which could affect the performance of the Clients or its properties will be beyond the control of the General Partners and the Clients. While the U.S. economy has begun a recovery from the “Great Recession”, there can be no assurance as to whether any such recovery will persist or whether economic conditions may deteriorate. Recent events may indicate that recovery from the Great Recession may be more prolonged or that the U.S. risks entering into a double-dip recession, which could adversely affect the Clients’ operating results and ability to implement its business strategy.

Political and Social Risks. The U.S. has been the target for terrorist attacks and been involved in a variety of military actions. Some of these terrorist attacks have resulted in, among other things, a disruption in financial markets and the economy generally, as well as volatility in the international economic market. Future terrorist attacks and/or the anticipation of any such actions or response to them may have a further adverse impact on economic stability. It is not possible to predict the severity of the effect that any further terrorist activity and/or military response will have on the market. Any resulting economic instability or downturn could adversely affect the returns sought by the Clients.

In addition, there is a risk that one or more of the Clients’ properties will be directly or indirectly affected by a terrorist attack. Such an attack could have a variety of adverse consequences for the Clients, including risks and costs related to the destruction of property, inability to use one or more properties for their intended uses for an extended period, decline in rents achievable or property value, and injury or loss of life, as well as litigation related thereto. Such risks may or may not be insurable at rates that the General Partners deem economical at all times. So long as the Clients’ service providers have followed typical industry practices in protecting the Clients’ properties, recourse to them in the event of losses may be limited and such losses may be borne by the Clients.

Adverse Real Estate Market Conditions. The performances of certain of the Clients’ investments are vulnerable to downturns in various economic environments. U.S., regional or local economic declines may negatively affect the payments of borrowers or the performance of real estate assets. The prices for investment sales, and the prices, terms and conditions for investment refinancing may be threatened by unanticipated declines in various economic environments – thereby reducing or extinguishing anticipated returns of capital and internal rates of return.

Government Intervention. In light of the relatively recent economic turmoil, the U.S. government, including the Federal Reserve, took a number of measures in an effort to stabilize the U.S. economy and to inject liquidity into the U.S. capital markets. The Federal Reserve, in an attempt to stimulate the overall economy, has, among other things, kept interest rates low through its targeted federal funds rate and purchased mortgage-backed securities. As the economy has started to recover, it is expected that the U.S. government and Federal Reserve will play a less active role and will phase-out certain programs or policies; the effects of such a phase-out could negatively affect the manner in which the Clients operate and the Clients’ prospects. The far-reaching

implications of the Dodd-Frank Wall Street Reform and Consumer Protection Act are unknown and could negatively impact the Clients. Additional intervention by the U.S. government could provide banks with advantages as compared to the Clients in terms of competitiveness in providing first mortgage or subordinated loans or preferred equity to potential borrowers. There can be no assurance that programs and proposals initiated and announced by the U.S. Treasury or the Federal Reserve will have a beneficial impact on the financial and real estate markets. Additionally, further government intervention could include legislation or regulations which would require the Clients to modify or waive certain terms of previously made investments or to otherwise cause the Clients to not receive the full benefit of its contractual relationship with a borrower. Any of these scenarios may unfavorably impact a Client's returns.

Material Potential Conflicts of Interest

Fees to DivcoWest Affiliates. Subject to the terms of the Organizational Documents, a Client and its subsidiaries may retain Adviser affiliates to perform certain services, including property management, construction management, leasing or other service provider arrangements. The Adviser affiliates may be retained to provide (and be compensated for providing) such services to the Client without approval of the investors so long as such services are based on terms and with reimbursements as set forth in the applicable Organizational Documents. Such fees, reimbursements and terms will likely not be negotiated as between the Client and such affiliates on an arm's-length basis and may not reflect the amounts an unaffiliated third party would charge for comparable services. The Adviser expresses no view of how such fees, reimbursements and terms compare to the relevant markets; potential investors in a Client must review such fees, reimbursements and terms and form their own independent view thereof. Such fees paid by the Client to such affiliates will not be shared with such Client, and will be in addition to and will not offset the Management Fee. Notwithstanding such retention, certain elements of the services and performance thereof may then be sub-contracted to third parties in whole or in part. The Organizational Documents of certain Clients set forth parameters and/or restrictions on the use of affiliated service providers, including, for example, requiring advisory committee review and approval and/or requiring the Adviser to provide documentation demonstrating that the fees charged and services provided are comparable to applicable third parties.

Performance Allocation and Profit Participation. The existence of the Adviser's or its affiliate's (i.e., a Fund General Partner) right to receive Carried Interest may create an incentive for the Adviser or its affiliate to make more speculative investments on behalf of the Client or use more leverage than it would otherwise make in the absence of such performance-based compensation. In addition, the Adviser may establish one or more incentive vehicles that give profit participation to its investment professionals based on the profits of the Client.

Allocation of Personnel. The Adviser's investment professionals will allocate such time and attention as is deemed appropriate and necessary to carry out the operations of the Client effectively. The Adviser's personnel will work on other projects and on behalf of clients other than the Client; conflicts may, therefore, arise in the allocation of certain personnel and other resources.

Differing Limited Partner Group and Conflicting Interests. The investors in a particular Client may have conflicting investment, tax and other interests with respect to their investments in such Client. The conflicting interests of investors may relate to or arise from, among other matters, the acquisition or structuring of investments and the timing and disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Adviser that may be more beneficial for one investor than for another investor, for example, with respect to an investor's individual tax situations. In addition, the Client may make investments which may have a negative impact on related or unrelated investments made by investors in transactions outside of the Client. In selecting and structuring investments appropriate for a Client, the Adviser will generally consider the investment and tax objectives of the Client and its investors as a group, not the investment, tax or other objectives of any investor individually.

Placement Agents, Consultants, Brokers, and Other Persons. A Client may employ placement agents to assist in raising capital for the Client. Any such placement agent will be compensated based on the capital raised, which means it will have an interest in obtaining commitments irrespective of the agent's beliefs about the performance of the Client or its evaluation of the Adviser or the investment opportunity. The Adviser or a Client may also compensate other finders, including consultants, whether engaged by a Client, its general partner or the Adviser or by any prospective investor. Each prospective investor should assume, unless told otherwise by the Adviser, that any third party involved in its decision to invest is compensated for its recommendation in a way that may give such person a strong incentive to encourage investment in the Client and/or to act in ways that are not in the best interest of the prospective investor.

Business Relationships of DivcoWest Affiliates. The Adviser affiliates have long-term relationships with a significant number of property managers, facility managers, developers, brokers, institutions and corporations, and their advisors. In determining whether the Adviser should invest in a particular transaction and which service providers to use, if any, the Adviser will likely consider these relationships in its management of a Client. There may be certain transactions that will not be undertaken in view of those relationships.

The foregoing is not intended to be exhaustive; prospective investors in a Client are advised to review the applicable Organizational Documents for additional risks and potential conflicts of interest associated with and specific to an investment in such Client.

Item 9: Disciplinary Information

Form ADV Part 2, Item 9 requires investment advisers such as the Adviser to disclose legal or disciplinary events involving the firm or our partners, officers, or principals that are material to your evaluation of our advisory business or the integrity of our management. The Adviser and management have no information to report that is applicable to this item 9.

Item 10: Other Financial Industry Activities and Affiliations

The Adviser has vertically integrated operations. The Adviser's primary business is providing investment advisory services through its affiliated entities to the Clients. In addition to investment advisory services, the Adviser also has affiliated entities that provide property management, construction, development and leasing services to certain of the real estate properties held by the Clients for investment. The general partners, directors and managing members to the Clients (collectively, the "General Partners") are affiliates of the Adviser. For a description of certain material conflicts created by the relationship among the Adviser, its affiliates and the Clients, as well as description of how the Adviser seeks to address such conflicts, please see Items 8 and 11.

Divco West Real Estate Services, Inc. ("DWRES, Inc.") is an affiliate of the Adviser, which provides property management, construction management and leasing services for many of the respective Client's real estate investments. Please see the Organizational Documents for each Client for a description of the property-related fee arrangements for any services provided by DWRES, Inc. to such Client, as applicable.

Subject to the Fund's Organizational Documents, a Fund may obtain financing from Jefferies LoanCore LLC or its affiliates, on terms that are generally consistent with prevailing market terms. Typically the Fund's Organizational Documents require some form of disclosure of such arrangement, for example notice to the Fund's advisory committee of such loan. Stuart Shiff and certain other members of the Adviser's management team have an indirect interest in LoanCore Capital ("LoanCore"). In addition, Mr. Shiff is a member of LoanCore's investment committee and Mark Finerman, the founder of LoanCore, has an indirect interest in the Adviser's business and is a member of its investment committee. However, the Adviser's senior professionals are responsible for the management and operation of the Adviser and Mark Finerman and others are responsible for the management and operation of LoanCore. Stuart Shiff, other members of the Adviser's management team and Mark Finerman have direct or indirect equity interests in Jefferies LoanCore LLC, a

loan origination company formed in 2011. Mark Finerman is Jefferies LoanCore LLC's Chief Executive Officer and a member of its board of managers and investment committee. As a result, each of those individuals may receive an economic benefit from any loan made by Jefferies LoanCore LLC to the Fund. Stuart Shiff is not a member of Jefferies LoanCore LLC's investment committee.

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

Code of Ethics and Personal Trading

The Adviser has adopted a Code of Ethics pursuant to Advisers Act Rule 204A-1 (the "Code") which sets forth fiduciary principles and certain standards of business conduct that must be followed by, among others, all principals, officers and employees of the Adviser (collectively "Supervised Persons"). The Code provides guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations and regarding adherence to securities laws generally. Supervised Persons and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Client, subject to the terms of the Code. Under the Code, Supervised Persons are also required to file certain periodic reports with the Adviser's Chief Compliance Officer as required by Rule 204A-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). The Code helps the Adviser detect and prevent potential conflicts of interest.

In addition, the Code requires that all Supervised Persons report Code violations and provides the potential for sanctions for such violations. Supervised Persons who violate the Code may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Supervised Persons are also required to promptly report any violation of the Code of which they become aware. Supervised Persons are required to annually certify compliance with the Code.

The Adviser's Chief Compliance Officer is responsible for various aspects of the Code's administration, including without limitation the monitoring and review of personal securities transactions, and is available for any questions Supervised Persons have regarding the Code. The Adviser will provide a copy of the Code to any client or prospective client upon request and may elect to provide a copy of the Code to investors in the Clients.

Participation in Client Transactions

Certain Supervised Persons of the Adviser are investors in the Clients and have committed significant amounts of their own capital to invest in the Clients through their investments in the Clients' General Partners. Generally, Supervised Persons are not permitted to make personal investments in properties or joint ventures in which the Clients invest other than through their personal investment in those Clients. A Client or its General Partner, as applicable, may reduce all or a portion of the Management Fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

Conflicts of Interest

The Adviser and its affiliates engage in a broad range of activities, including investment activities for their own account and for the account of its Clients, and providing services as a Property Manager to the portfolio investments. In the ordinary course of conducting its activities, the interests of a Client will, from time to time conflict with the interests of the Adviser, other Clients or their respective affiliates. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

The material conflicts of interest encountered by a Client include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Client. Other conflicts may be disclosed throughout this Brochure, including, without limitation, in Item 8. This Brochure should be read in its entirety for other conflicts. In addition, prospective investors should review the applicable Organizational Documents for additional potential conflicts of interest associated with and specific to an investment in any Client.

Resolution of Conflicts

The Organizational Documents of the Clients typically govern conflicts of interest and resolution thereof and the Adviser has a duty to comply with the procedures described in such agreements with respect to potential conflict of interest situations. Such Organizational Documents may explicitly permit certain transactions that involve a conflict of interest, in which event the Adviser may (or may cause a Client to) enter into such transactions. Additionally, certain Funds have a committee of representatives of investors that meet periodically to advise and consult with the Adviser concerning, among other things, issues involving potential conflicts of interests.

In the event the Organizational Documents of a Client do not address conflicts of interest, the Adviser shall, in its best judgment, resolve the conflicts using those factors it determines to be relevant, taking into account its fiduciary duty and disclosure obligations. Furthermore, the Adviser's Chief Compliance Officer may seek the advice of certain other persons (including internal legal counsel, external legal counsel, or senior principals) to assist in the identifying, assessing, mitigating, resolving and monitoring actual, potential or perceived conflicts of interest.

Allocation of Investment Opportunities Among Clients

In recognition of its fiduciary duties required of investment advisers under the Advisers Act, the Adviser has adopted written policies and procedures relating to the allocation of investment opportunities, and will make allocation determinations consistently therewith. The Funds and Non-Funds may be subject to investment allocation requirements (the "Investment Allocation Requirements"). Investment Allocation Requirements may be set forth in the Organizational Document of the Fund or Non-Fund. To the extent the Investment Allocation Requirements of the Client do not include specific procedures and/or allow the Adviser discretion in making allocation decisions among the Clients, the Adviser will follow the process set forth below.

The Adviser generally establishes its Funds such that only one Fund is able to make investments in a described investment strategy at a time. Therefore, among the Funds, investment opportunities are typically exclusively available for only one Fund at any given time (such fund, the "Investing Fund"), to the extent such investment satisfies the investment criteria of such Fund, including that the GP of such Fund has determined that the investment is in the best interests of the Fund and its returns. Subject to the Client's Organizational Documents, generally all investment opportunities that are within the investment strategy of an Investing Fund taking into account such Investing Fund's investment guidelines, except for any exceptions as may be set forth in the Organizational Documents for such Investing Fund, such investment opportunity shall first be considered on behalf of the Investing Fund.

Only after an investment opportunity has been deemed inappropriate or not in the best interests of the Investing Fund will such investment opportunity be considered as an investment for another Client. In the event that more than one Client has available capital to invest, the Organizational Documents of the applicable Client(s) will in certain cases dictate how new investment opportunities will be allocated. In the absence of a dictated allocation in the Clients' Organizational Documents, the Adviser will use its discretion to determine allocation percentages or alternative methods for allocating potential investments (the "Unallocated Opportunities") among the Clients, taking into account such factors that it determines in its sole discretion to be relevant, which may include the Clients' different investment strategies, structures, term of offering, term,

transaction sourcing, each Client's liquidity and reserves, diversification, amount of capital available for investment by each Client, each Client's targeted rate of return, the stage of development of the prospective investment, composition of each Client's portfolio, risk considerations, cash flow consideration, tax implications, legal, contractual or regulatory constraints and other relevant factors, consistent with the Adviser's business model. The Adviser will seek to make all allocations of Unallocated Opportunities in a fair and equitable manner, and will not favor or disfavor, consistently or consciously, any Client in relation to any other Client.

Further, the Adviser will not allocate Unallocated Opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Client, (ii) the profitability of any Client or (iii) any person's interest in offering or participating in co-investment opportunities outside of any Client. The Adviser will maintain appropriate documentation in the event of any deviation from this policy.

Allocation of Co-Investment Opportunities and Secondary Transactions

If the Adviser determines in its sole and absolute discretion because of portfolio construction considerations (e.g., geography, asset type or mix, tenant concentration or mix, etc.), investment limitations, or otherwise that it is not permissible or in a Client's best interest to purchase or retain all of an investment, then the Adviser may, but will have no obligation to, offer to one or more persons (which may include, in the Adviser's sole and absolute discretion, one or more investors) a portion of any such investment opportunity ("Co-Investment Opportunity"). The terms of any Co-Investment Opportunity offered by the Adviser are on terms and conditions determined by the Adviser in its sole and absolute discretion.

The Adviser offers Co-Investment Opportunities in accordance with the Organizational Documents of the applicable Clients. Subject to any restrictions contained in the Organizational Documents of the relevant Client and any Investment Allocation Requirements, in general, (i) no investor in a Client has a right to participate in any Co-Investment Opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the Adviser or its related persons, (iii) Co-Investment Opportunities may, and typically will, be offered to some and not other investors, in the sole discretion of the Adviser or its related persons and investors may be offered a smaller amount of Co-Investment Opportunities than originally requested, and (iv) certain persons other than investors (e.g., third parties) may be offered Co-Investment Opportunities, in the sole discretion of the Adviser or its related persons.

Decisions regarding whether and to whom to offer Co-Investment Opportunities are made at the sole and absolute discretion of the Adviser and may be based on a number of factors, including an investor's expressed interest in Co-Investment Opportunities, the size of such investor's capital commitment (or such investor's capital commitment to other Adviser-sponsored investment vehicles), the Adviser's assessment of such investor's ability to both fund and timely execute such Co-Investment Opportunity, any confidentiality concerns the Adviser may have that may arise in connection with providing the investor with specific information with respect to such Co-Investment Opportunity, the Adviser's assessment of whether an investor has provided value in the sourcing, establishing relationships, participating in diligence and/or negotiations for a transaction or is expected to provide value to the business or operations of an investment post-closing, the Adviser's assessment of whether the profile or characteristics of an investor may have an impact on the viability or terms of the proposed investment opportunity, and whether the Adviser believes, in its sole and absolute discretion, that allocating a Co-Investment Opportunity to such investor will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to the Clients or future funds of the Adviser and/or the Adviser.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Clients, potential co-investors, Supervised Persons and third parties, and in the manner discussed above often will not, result in proportional allocations among such

persons, and such allocations often will be more or less advantageous to some such persons relative to other such persons. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Client's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser is subject, discussed herein, did not exist.

In the event the Adviser determines to offer an investment opportunity to co-investors, there can be no assurance that the Adviser will be successful in offering a Co-Investment Opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Client or that expenses incurred by the Client with respect to the syndication of the co-investment will not be substantial. In the event that the Adviser is not successful in offering a Co-Investment Opportunity to potential co-investors, in whole or in part, the Client may consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended, which could make the Client more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto.

In addition, to the extent the Adviser has discretion over granting or withholding consent to a secondary transfer of interests in a Fund pursuant to such Fund's Organizational Documents, the Adviser may make such decisions in its sole and absolute discretion. Notwithstanding anything to the contrary, however, absent disclosure to the contrary, in determining whether to grant or withhold consent to a secondary transfer of interest in a Fund, a purchaser's potential investment into another Fund (including a future fund raised by the Adviser) shall not be the sole factor considered by the Adviser.

Cross-Transactions

In certain cases, the Adviser may cause a Client to purchase investments from another Client, or it may cause a Client to sell investments to another Client. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Client may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Client by selling underperforming assets to another Client in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) will, from time to time, have significant investments, or intentions to invest, in the Client that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates receive Management Fees or other fees in connection with their management of the relevant Clients involved in such a transaction, and generally are entitled to share in the investment profits of the relevant Clients. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Clients. To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's Chief Compliance Officer, in consultation with the Adviser's General Counsel will be responsible for confirming that the Adviser (i) considers its respective duties to each Client, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party on commercially reasonable terms, and (iii) obtains any required approvals of the transaction's terms and conditions. The Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and the Adviser will not effect any such transaction for any Client where the Adviser is deemed to own more than 25% of the Client, unless such transaction complies with the requirements of the Adviser's principal transactions policy, as described below.

Principal Transactions

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser

or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a “principal transaction”), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction. In connection with the Adviser’s management of the Clients, the Adviser and its affiliates may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Client(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

Management of the Clients

The Adviser manages a number of Clients that may have investment objectives similar to each other. The Adviser expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from, those of the current Clients. Allocation of available investment opportunities between the Clients and any such investment fund could give rise to conflicts of interest. See “Allocation of Investment Opportunities” above. In addition, it is expected that employees of the Adviser responsible for managing particular Clients will have responsibilities with respect to other Clients managed by the Adviser, including funds raised in the future or to proprietary investments made by the Adviser and/or its principals of the type made by a Client. Conflicts of interest arise in allocating time, services or functions of these officers and employees.

Conflicts Relating to the General Partners and the Adviser

The Adviser, its affiliates, and members, officers, principals and employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to Funds. Officers, principals and employees of the Adviser may also buy securities in transactions offered to but rejected by Clients. A conflict of interest may arise because such investing Adviser personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Client. In such circumstances, the investing Adviser personnel will not share or reimburse the relevant Client(s) and/or the Adviser for any expenses incurred in connection with the investment opportunity. In addition, officers and employees may also buy securities in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Clients. The transactions described above are subject to the policies and procedures set forth in the Adviser’s Code and investors will not benefit from any such investments. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Clients. If officers, principals and employees of the Adviser have made large capital investments in or alongside the Funds they will have conflicting interests with respect to these investments.

Because certain expenses are paid for by a Client and/or its portfolio investments or, if incurred by the Adviser, are reimbursed by a Client and/or its portfolio investments, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Client or its portfolio investments to incur) such expenses.

Affiliated Property Managers

As noted above in Item 5, the Adviser generally retains a Property Manager for each portfolio investment, which may be an affiliate of the Adviser. The Property Manager receives a Property-Related Fee from the applicable portfolio investment or Client (or is reimbursed from the applicable portfolio investment of client), that is in addition to any Management Fee or Carried Interest received by the Adviser or its affiliates. In addition, the Property Manager receives reimbursement for out-of-pocket property management-related expenses. While a portion of such expenses may be directly reimbursed by tenants of the applicable portfolio investments, subject to the terms of the agreements with such tenants, some or all of such expenses are otherwise reimbursed by the applicable Client. A conflict of interest arises when engaging an affiliate as

Property Manager, because the Adviser has an incentive to recommend an affiliate even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Organizational Documents of some of the Clients set forth parameters and/or restrictions on the use of affiliated service providers. For example, the Organizational Documents of some Funds require the Fund's advisory committee review Property-Related Fees paid to affiliate Property Managers. With respect to the Funds, the use of affiliated service providers as Property Managers is generally disclosed in the offering document of the applicable Fund.

Fee Structure

Because there is a fixed investment period after which capital from investors in the Funds will only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure creates an incentive to deploy capital when the Adviser would not otherwise have done so.

Additionally, as discussed above in Item 6, the General Partners of many of the Clients are entitled to Carried Interest under the terms of the Organizational Documents of such Clients. Such general partners are affiliates of the Adviser. The existence of the General Partners' Carried Interest creates an incentive for the General Partners to cause such Clients to make more speculative investments than they would otherwise make in the absence of performance-based compensation. The Adviser believes that it has implemented policies and procedures to mitigate such conflicts and aligned its interests with that of the Clients.

Pursuant to the Organizational Documents, the General Partner may be required to return excess amounts of Carried Interest as a "clawback". This clawback obligation may create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Client if the disposition and/or liquidation would result in a realized loss to the Client or would otherwise result in a clawback situation for the General Partner.

Diverse Membership

The investors in the Clients are expected to include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in a Client. The conflicting interests among the investors generally relate to or arise from, among other things, the nature of investments made by a Client, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by the Adviser or its affiliates, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Client, the Adviser and its affiliates will consider the investment and tax objectives of the applicable Client, not the investment, tax or other objectives of any investor individually.

Side Letter Agreements; Advisory Committee Rights

The Adviser may enter into certain side letter arrangements with certain investors in a Client providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights. Except as otherwise agreed with an investor, the Adviser (or applicable General Partner) is not required to disclose the terms of side letter arrangements with other investors in the same Client.

Many of the Funds have established an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to

the advisory committee. The advisory committee may also have the ability to approve conflicts of interests with respect to the Adviser and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee.

Other Potential Conflicts

The Adviser may engage common third-party service providers for the Clients, or the portfolio investments of the Clients, on either a long-term basis or in connection with a specific transaction. Such third-party service providers include, without limitation, investment bankers, real estate brokers, leasing brokers, outside legal counsel, accountants, custodians and auditors. In the event of a significant dispute or divergence of interest between Clients, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the Adviser, the Clients, and/or the portfolio investments. This may result in the Adviser receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Clients and/or the portfolio investment, or the Adviser receiving a discount on services even though the Clients and/or the portfolio investments receive a lesser, or no, discount. This creates a conflict of interest between the Adviser, on the one hand, and the Clients and/or portfolio investments, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Clients and/or the portfolio investments.

The Organizational Documents of certain Clients permit each such Client's General Partner, or its affiliates, to lend money to the applicable Client. Such lending arrangements create conflicts of interest between the applicable General Partner or affiliate and the Client acting as borrower.

The Organizational Documents of certain Clients permit each such Client's General Partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. For instance, information may be withheld from investors that are subject to Freedom of Information Act or similar requirements. The General Partners will often elect to withhold certain information to such limited partners or investors for reasons relating to the General Partners' public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

Please see the discussion above under the sub-heading "Resolution of Conflicts" for a description of the means by which the Adviser and its related persons may seek to alleviate conflicts of interest among the Clients or other persons.

Item 12: Brokerage Practices

The Adviser does not currently have a contractual relationship with or utilize the services of any securities broker-dealers in connection with the real estate transactions in which it engages on behalf of the Clients. The Adviser's advisory business generally does not involve securities broker dealers, or directing clients to execute transactions (through broker dealers or otherwise), nor do clients direct the Adviser to engage securities broker dealers.

The Adviser generally engages a real estate broker in connection with the disposition, financing, or leasing of a real estate asset held on behalf of the Clients, including its own affiliates. The Adviser selects the brokerage company and the particular real estate broker that the Adviser believes will best represent the interests of the Clients.

The Adviser and its affiliates do not engage in any trade aggregation practices. The Adviser does not receive “soft dollars” in connection with its use of broker-dealers.

Item 13: Review of Accounts

Oversight and Monitoring

The investment portfolios of the Clients are generally private, illiquid and long-term in nature, and accordingly the Adviser’s review of them is not directed toward a short-term decision to dispose of them. However, the Adviser’s investment professionals provide ongoing oversight and supervision of those individuals responsible for the asset management and ongoing operations of the investments. Business plans are updated at least annually by asset management or the Adviser’s operating partners, as applicable, and significant operations and assumptions are discussed with investment professionals. The Adviser’s investment professionals periodically review the investments held by the Clients to ensure compliance with the applicable investment guidelines and restrictions. In the case of the Funds, an investment committee must approve any acquisitions and any dispositions of Fund investments as specified in the Fund’s Organizational Documents.

Reporting

Subject to the Organizational Documents of a Client, investors in the Clients typically receive, among other things, a copy of audited financial statements of the relevant Fund within 75 days after the fiscal year end of such Client, as well as quarterly performance reports within 45 days after each fiscal quarter end. The Adviser and the applicable General Partner, if any, will from time to time, in their sole discretion, provide additional information relating to such Client to one or more investors in such Client as they deem appropriate.

Item 14: Client Referrals and Other Compensation

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Items 5, 8 and 11 above. While not a client solicitation arrangement, capital commitments for the Clients are primarily sourced through persons acting as placement agents, as described in the offering documents of the Clients. As described above, the Adviser has entered into, and in the future may enter into, contractual agreements with organizations (hereafter referred to as “placement agents”) who solicit investors for Clients advised by the Adviser. While the specific terms of each arrangement may differ, generally, a placement agent’s compensation is based upon the referred investor(s) investment in the Funds. Management Fees received by the Adviser are generally reduced by the amount of such fees paid by the Fund. As some Clients do not pay Management Fees, any such reduction will not benefit such Clients.

The Adviser may employ placement agents to assist in raising capital for the Fund. Any such placement agent will be compensated based on the capital raised, which means it will have an interest in obtaining commitments to the Fund irrespective of the agent’s beliefs about the performance of the Fund or its evaluation of the Adviser or the investment opportunity. The Fund or the Adviser may also compensate other finders, including consultants, whether engaged by the Fund, the General Partner or the Adviser or by any prospective investor. Each prospective investor should assume, unless told otherwise by the Adviser, that any third party involved in its decision to invest is compensated for its recommendation in a way that may give such person a strong incentive to encourage investment in the Fund and/or to act in ways that are not in the best interest of the prospective investor. All fees and expenses of finders or placement agents incurred in connection with the offering or sale of interests in a Fund are typically borne by the Adviser and its affiliates, but may be incurred by the Fund subject to a dollar-for-dollar offset against the Management Fee.

Item 15: Custody

The Adviser will be deemed to have custody of the assets of the Funds due to (i) the Adviser's ability to withdraw the Funds' cash and/or securities held with a custodian upon instruction to the custodian; and (ii) affiliates of the Adviser serving as the Fund's General Partners. Therefore, the Adviser is subject to the Custody Rule.

In accordance with the Custody Rule, the Adviser will adhere to the applicable requirements for the Custody Rule with respect to the Funds' public assets. The CCO will ensure that all privately offered securities, not held at a qualified custodian, do not violate the Private Security Exemption provided in the Custody Rule; so long as such securities are (i) acquired from the issuer in a transaction not involving any public offering, (ii) uncertificated (with ownership recorded only on the books of the issuer or its transfer agent in the name of the Fund), and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer. The Adviser is responsible for arranging for annual independent audits of the Funds by a major accounting firm within 120 days of the Funds' fiscal year end and for obtaining audited financial statements prepared in accordance with GAAP. The Adviser arranges for the delivery of such audited financial statements to investors of the Fund within 120 days of the Funds' fiscal year end.

Item 16: Investment Discretion

The Adviser maintains the authority to manage the Clients on a discretionary basis, subject to the overall supervision of the applicable General Partner, in accordance with the investment guidelines, limitations, other provisions and terms set forth in the Funds' Organizational Documents. Consent from the investors or a committee of representatives of investors is required for a Fund to invest in securities or interests outside of its investment objectives. Investment advice is provided directly to the Clients, and not individually to the investors in the Clients. In certain circumstances, the General Partners may not have investment discretion with regard to certain of the Non-Funds. Any limitations with respect to the Adviser (or the applicable General Partners) investment discretion is set forth in such Non-Fund's Organizational Documents.

Item 17: Voting Client Securities

The Adviser and its affiliated General Partners invest on behalf of the Clients solely in real estate and real estate related assets and the Adviser is almost never required to vote Client securities by proxy. If the Adviser is ever required to vote proxies in any of the Funds, it will do so with the goal of maximizing the Client investors' return on investment and pursuant to its proxy voting policies.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Client and copies of proxy voting policies are available to any client or prospective client upon written request to the Chief Compliance Officer Divco West Real Estate Services, LLC., 575 Market Street, 35th Floor, San Francisco, California, 94105 or via facsimile at (415) 995-5555.

Item 18: Financial Information

Form ADV Part 2 requires investment advisers such as the Adviser to disclose any financial condition reasonably likely to impair their ability to meet contractual commitments to clients. The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years. At this time, the Adviser does not believe there are any financial conditions that are reasonably likely to impair its ability to meet contractual commitments to its clients.

Item 19: Requirements for State-Registered Advisers

Item 19 is not applicable to the Adviser.