

## Item 1 – Cover Page

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This brochure provides information about the qualifications and business practices of GTIS Partners LP (“GTIS”). If you have any questions about the contents of this brochure, please contact us at (212) 220-5200 or [info@gtispartners.com](mailto:info@gtispartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

GTIS is a registered investment adviser. Registration status with the SEC does not imply a certain level of skill or training. The oral and written communications you receive from an adviser provide the basis for determinations to hire or retain the adviser.

Additional information about GTIS also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

There are no material changes from the date of GTIS' last Brochure filing on March 27, 2013.

Pursuant to SEC Rules GTIS provides a summary of material changes to its Brochure within 120 days of the close of GTIS' fiscal year. GTIS may further provide other ongoing disclosure information about material changes as deemed necessary. Additionally, GTIS will provide a new brochure as necessary, without charge.

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## Item 4 – Advisory Business

### **A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

GTIS Partners LP (the “Firm” or “GTIS”) is a global private equity real estate organization headquartered in New York, with offices in Los Angeles, San Francisco and Sao Paulo, Brazil. The Firm, formed in 2005, pursues value-added and opportunistic real estate investments, and since inception has committed capital to residential, retail, industrial, office, hotel and mixed-use projects in the U.S., Brazil, and Australia. See Item 10 for more information about GTIS’ relying advisors, which include its general partners and affiliates.

InSite Partners LP, which is controlled and principally owned indirectly by Thomas M. Shapiro, is a principal owner of the Firm and has voting control over the Firm.

### **B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

GTIS offers investment advisory services under various fees arrangements to collective investment vehicles (each a “Fund” and collectively, the “Funds”) and separate account mandates (“Separate Accounts” and together with the Funds, “Clients”). When investors commit to invest in a Fund (“Fund Investors”), they will sometimes request that GTIS consider them for future co-investment opportunities. If a Fund Investor commits to a co-investment, the Firm typically admits such Fund Investor to a special purpose vehicle for the purpose of making that co-investment (the “Co-Investment Funds”). For purposes of this Brochure: (i) all references to Funds shall also include Co-Investment Funds and (ii) all references to Clients shall not include the underlying Fund Investors of a particular Fund Client, in each case unless otherwise specified.

The principal investment objective of the Firm, on behalf of its Clients, is to seek value added and opportunistic real estate related investments that have the potential for significant capital appreciation through development, redevelopment, repositioning or improved management.

The investments acquired by the Firm on behalf of its Clients may include (depending upon the investment objectives/restrictions of each Client) real estate and real estate related loans and equity investments in real estate related joint ventures and operating companies. Some of these investments may be in the form of private or publicly traded debt and equity securities directly or indirectly secured by real estate.

The Firm seeks to identify investment opportunities and themes, often through its relationships with real estate operators and developers, and attempts to validate them with due diligence and research. The Firm's investment opportunities typically require real estate development or re-development, obtaining zoning approvals, leasing or similarly improving the sales or operating income of the property ("Real Estate Projects"). The Firm seeks to apply its own real estate development and operational expertise to create value at the property level in its selection of both Real Estate Projects and third party operating partners. The Firm will generally use its own development and construction personnel in its Real Estate Projects. The Firm also uses its financial and structuring expertise to protect principal, mitigate investment risks and optimize investment returns. The Firm typically invests in Real Estate Projects with third party operating partners through operating joint ventures ("Joint Ventures"). Such operating partners manage the day-to-day operations of such Real Estate Projects and add value to the Real Estate Projects through investment sourcing, local market knowledge, and/or specialized operational/developmental expertise. The Firm's asset management staff maintains active oversight of the Real Estate Projects and retains major decision rights over the Joint Ventures and, consequently, the Real Estate Projects.

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

Each Fund has specific investment restrictions and limitations, which are typically set forth in any of the following ("Fund Documents"): the investment management agreement between the Firm and the Fund, the offering documents of the Fund, Side Letters (as defined below), Subscription Agreements (as defined below) and the operating agreement of the Fund, which is typically a limited partnership agreement. Prior to investing in a Fund, a Fund Investor must enter into a subscription agreement with the Fund, which sets forth the Fund Investor's suitability for investment in the Fund. A Fund Investor may also request a side letter agreement with the Fund to provide specific limitations or restrictions that are designed to address the Fund Investor's particular legal, tax, investment or other objectives ("Side Letter"). Examples of these types of Fund and Fund Investor restrictions and limitations include prohibitions on investing in a particular country, a limitation on how much capital may be invested in a single investment, or a limitation on the incurrence of unrelated business taxable income. To date, no Fund Investors have restricted GTIS's investment parameters.

In addition, the Firm currently acquires, manages and disposes of investments on behalf of limited partnerships and other types of pooled investment vehicles in which investment funds managed by GTAM (as defined below) ("GTAM Funds") have invested ("GTAM Entities"). GoldenTree Asset Management LP ("GTAM"), an investment adviser registered with the SEC either directly or through one of its affiliated entities, is a minority owner of the Firm. GTAM Funds may also own such investments directly, and GTIS does not maintain custody over the securities and funds of the

GTAM Funds with respect to such direct investments. The GTAM Entities also have specific investment restrictions and limitations, which are typically set forth in any of the following: an investment management agreement between the Firm and GTAM, letter agreements (including a subscription agreement) between the Firm and GTAM and the operating agreements of the GTAM Entities (together with the Fund Documents, as applicable to each Client, the “Operative Documents”). Certain GTAM Entities invest with certain Funds on a side-by-side basis, and these GTAM Entities have a different management fee structure than those of the Funds. Please see the description in Sections 5.A and 10.C below.

**D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

GTIS does not participate in wrap fee programs.

**E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.**

As of December 31, 2013, GTIS has regulatory assets under management of approximately \$2.862 billion representing committed and uncommitted capital.

For more information about GTIS’ owners and executive officers, see the Firm’s Form ADV Part 1, Schedule A.

## **Item 5 – Fees and Compensation**

**A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

In consideration for the investment management services provided, GTIS charges management fees to its Clients (“Management Fees”) and currently for one Client acquisition fees (“Acquisition Fees”) of 1.5%, in lieu of a Management Fee. GTIS may also receive a profits interest (“Profits Interest” and together with Management Fees, “Compensation”) from its Clients. GTAM, through its ownership interest in GTIS, also indirectly receives a portion of certain Compensation from the Funds, as described in Item 10.D.

The Compensation charged to Funds is typically determined through negotiations with the Fund Investors. A Fund’s Operative Documents will generally afford the Fund the ability to waive or reduce all or part of the Compensation with respect to investments made by certain Fund Investors

without waiving or reducing the Compensation charged to other Fund Investors. For example, the Fund may waive or reduce all or part of the Compensation for (i) personal Fund investments made by the Firm, its partners/employees and their family members (“Firm Investors”) and (ii) other Fund investments made by third parties due to the size of the Fund investments made by such third parties. GTIS may elect to apply the Management Fee payable by a Fund to satisfy the capital contribution obligations of any Firm Investors.

Generally, Fund Management Fees range from 1.50% to 2.00% per annum of (i) committed capital of the Fund for the initial investment period and (ii) invested capital of the Fund after the initial investment period. The Management Fees that GTIS charges to a Co-Investment Fund Client are typically in the same range, however, they are often based on the invested capital of the Co-Investment Fund. The Firm is generally entitled to receive a Profits Interest of 20% of cumulative realized Fund profits following the return of Fund capital (and the exceeding of a preferred return on such capital), which is paid in compliance with Rule 205-3 promulgated under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The description of each Fund’s Compensation is set forth in such Fund’s Operative Documents.

Generally, Separate Account Management Fees range from 0.7% to 1.5% per annum of net asset value of the Client’s aggregate investments under management with the Firm. The Firm is generally entitled to receive a Profits Interest in a range of 10% to 35% of cumulative net realized and unrealized profits based on a third party’s determination of the fair market value of the Client’s aggregate net assets under management with the Firm, which is paid in compliance with Rule 205-3 promulgated under the Advisers Act, and is subject to a high water mark similar to the compensation arrangement of a hedge fund. The description of each Separate Account’s Compensation is set forth in such Separate Account’s Operative Documents.

Management Fee payments are scheduled and negotiated on a Client-by-Client basis, ranging from quarterly in arrears to quarterly in advance.

**B. Describe whether you deduct fees from clients’ assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

In the case of Funds, Fund Investors (i) permit the Firm to directly deduct their Compensation incurred and (ii) remit their Compensation to the applicable Fund, which then pays the Firm. In the case of Separate Accounts, the Client remits their Compensation to the Firm. Frequency of fee deduction and billing is on a Client-by-Client basis and is further described in the relevant Operative Documents.

**C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will**

**incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

Other than Management Fees, Profits Interests and the fees and expenses noted in this section, no other fees or expenses are charged to Clients. Any transaction-related fees received by the Firm from third-parties, such as break-up fees, director fees and monitoring fees, will be either remitted to the applicable Client or the Management Fee charged to such Client will be offset by an equal amount.

During an offering period, a Client will bear all the organizational and marketing expenses, up to maximums as detailed in such Client's Operative Documents. To the extent permitted under the Client's Operative Documents, Clients will bear all Client-related costs and expenses, including, without limitation, the expenses incurred in connection with investments (whether or not consummated) and the evaluation, acquisition, origination, construction, development, ownership, sale, hedging or financing of any investment, litigation-related and indemnification expenses, travel, compliance, custodial, administrative, legal and accounting expenses, including a Client's allocable share of compensation costs for internal personnel that would otherwise be performed by a third party for compensation, incurred by the Firm in connection with or related to the Client and the performance of the Firm's duties. Certain Clients also reimburse the Firm for the costs of in-house construction and development personnel that provide services to such Clients.

**D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

As noted above, Management Fees are generally paid on a quarterly basis, and in the case of certain Client arrangements, the Firm is afforded with the right to be paid in advance, but not more than three months in advance. If a Client withdraws or terminates the investment advisory services before the end of a billing period, the Fund will refund any prepaid Management Fees in excess of the Management Fees paid for the period of actual investment. Accordingly, Management Fees are prorated based on the number of days in the quarter that assets, including cash held for investment, working capital or pending distributions, are managed.

**E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

No supervised persons of the Firm may accept direct compensation for the sale of securities or other investment products.



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

**If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.**

As noted above in Item 5, the Firm is entitled to receive a Profits Interest from certain Clients, and the Firm manages Clients that are charged different rates of Compensation. Clients should be aware that performance-based fee/allocation may be deemed to create a conflict of interest for the Firm, as there can be an incentive for the Firm to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee/allocation. In addition, the fact that different Fund Investors and Clients pay different levels of Compensation to the Firm for making the same investments may give rise to potential conflicts of interest. The Firm will at all times act in a manner that it believes to be fair and equitable to its Clients, subject to any investment restrictions and investment capacities of its Clients, as set forth in the Operative Documents. Client investments are regularly reviewed by the Firm's senior management (See Item 13), and this review includes the Chief Compliance Officer.

## **Item 7 – Types of Clients**

**Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

GTIS provides discretionary investment advice to (i) Funds that are offered as private placements and organized as limited partnerships and (ii) Separate Accounts that invest through limited partnerships, in each case with an affiliate of the Firm serving as the general partner. Fund Investors and Separate Account investors typically include public pension plans, corporate pension plans, university endowments, foundations, investment companies, insurance companies, sovereign wealth funds, fund-of-funds, banks, trusts, family offices, other institutional investors, and high net worth

individuals. Investment advice is provided directly to the Funds and Separate Accounts and not individually to investors in such Funds and/or Separate Accounts.

Each Fund and Separate Account generally limits its investors to persons who are both “accredited investors” as defined in the Securities Act of 1933 and “qualified purchasers” as defined in the Investment Company Act of 1940. In regard to the Funds, minimum subscription amounts and other investor suitability requirements will be noted in the respective Operative Documents. However, such minimum amounts can be waived by the Firm, in its discretion (except to the extent there is a minimum amount that needs to be invested per regulatory requirements). In regard to Separate Accounts, the amount of capital to be invested will be individually negotiated.

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

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.**

The Firm’s primary investment objective is to seek value-added and opportunistic real estate related investments, which include certain investments that constitute securities. Such investments are usually in the form of direct or indirect ownership interests of, or in, real estate and real estate related loans and equity investments in real estate related joint ventures and operating companies. GTIS investments may also include investments that constitute publicly traded or privately offered equity and debt investments. The Firm may also invest in certain liquid investments, including cash and cash equivalents. Investing in securities involves risk of loss that Clients should be prepared to bear. Typically the investment risks associated with the investment strategies offered by the Firm and the types of investments pursued by the Firm will be outlined in a Client’s Operative Documents.

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

Fund Clients should refer to their respective Operative Documents for a more detailed discussion of risks. The following are some of the more relevant risks to an investment with GTIS.

**Changes in Market Circumstances.** The success of the Firm’s activities will often be affected by international, U.S., regional and local economic and market conditions, including changes in interest rates, instability in certain securities markets, changes in relative valuation of its target investment sectors, changes in the availability of, or the general terms and conditions for, investment financing,

shifts in the supply and demand for the types of properties in which the Firm will invest Client funds, changes to the financial resources and solvency of tenants and buyers and sellers of properties, among other factors—any one of which could adversely affect investment returns.

**Potential Lack of Diversification.** The Firm intends to limit the impact on financial performance of poorly performing investments by investing in investments of varying types, locations and degrees of risk. However, there can be no assurance that such diversification will be available on acceptable terms. The Firm may make a limited number of investments and, as a consequence, the aggregate return and performance of a Client's portfolio may be substantially adversely affected by the unfavorable performance of even a single investment. Furthermore, the aggregate return to Clients may be affected by the Firm's strategy to sell, foreclose upon, or refinance an asset once the Firm believes that its strategy has led to maximization of the asset's potential value. That is, aggregate returns may be adversely affected if the Firm is not able to correctly time its refinancing or disposition strategy.

**Risks of Potential Leveraging.** Depending upon the Client mandate, the Firm may use leverage to increase the potential value of the assets to be acquired. While the use of leverage may enhance returns to Clients and increase the number of investments Clients can make, it also substantially increases the risk of loss to Clients.

If the Firm utilizes leverage, the third-party lender would be entitled to cash flow generated by such investment prior to a Client receiving a return. If a Client defaults on secured indebtedness, the lender may foreclose and the Client could lose its entire investment securing such loan. In the instance that several investments held by a Client are cross-collateralized, multiple investments may be subject to the risk of loss.

**Counterparty Risk.** It is expected that virtually all investment purchases and dispositions on behalf of Clients will occur in private markets. The participants in such markets are typically not subject to the same credit evaluation and regulatory oversight as members of public exchange-based markets. Differing market standards for counterparty credit evaluation may expose Clients to the risk that a counterparty will not close a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (irrespective of whether bona fide) or because of a credit or liquidity problem, thus causing Clients to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where other events may intervene to prevent closing, or where the Firm, on behalf of its Clients, has concentrated its transactions with a particular counterparty or group of counterparties. The Firm is not restricted from dealing with any particular counterparty or from concentrating its transactions with an individual counterparty.

Despite the prospect that the Firm's risk management process may incorporate an assessment of counterparty risk, there can be no assurance that such assessment may mitigate counterparty risk. In

addition, although the Firm expects to transact with well capitalized credit-worthy counterparties in the majority of its purchase and sale transactions on behalf of Clients, there can be no assurance that such will be the case in every transaction (or that the counterparties will perform their obligations).

Moreover, while the Firm may take counterparty risk into consideration in its ongoing investment monitoring and decision making, the Firm does not have any formal internal credit function that evaluates the creditworthiness of its counterparties. The ability of the Firm to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated exchange market to facilitate settlement, may increase the potential for losses.

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

**General Risks of Real Estate.** 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, may tend to limit the Firm's ability to promptly adjust a Client's portfolio 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 the Client will recognize full value for any investment that the Client is required to sell for liquidity reasons.

In addition, the Firm's ability to realize anticipated sales proceeds, rental and interest income on its equity and debt investments will depend, among other factors, on the financial reliability of buyers, 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 and changes in the availability, costs and terms of mortgage funds, energy prices, changes in the relative popularity 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 the Firm'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 a Client to fund deficits resulting from the operation of a property. No assurance can be given that the Client will have funds available to make such repairs or improvements. These factors and any others that would impede the 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.

**Illiquidity.** The types of direct or indirect ownership interests of or in real estate, and real estate related loans and equity investments in real estate-related joint ventures and operating companies held as Client investments, may be such that they require a substantial length of time to liquidate. Accordingly, the Firm's ability to respond to rapid changes in economic and other conditions may be relatively limited. In particular, no assurances can be given that all Client investments will be able to be liquidated on the scheduled timeframe. The Firm generally will not be able to sell its Clients' investments held in the form of securities unless their sale is registered under applicable federal and state securities laws or an exemption from such registration requirements is available. In some cases, the Firm may be prohibited by contract from selling investments for a period of time. No assurances can be given that the fair market value of any of the assets held for a Client will not decrease in the future.

**Insurance.** The Firm will attempt to maintain insurance coverage for its properties against liability to third parties and property damage as is customary for similar businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Insurance against certain risks, such as earthquakes, floods, or terrorism may be unavailable, unavailable at a reasonable cost, available in amounts that are less than the full market value or replacement cost of investments or subject to a large deductible. There can be no assurance that the particular risks that are currently insurable will continue to be insurable at a reasonable cost. If a property suffers an uninsured loss, all or a substantial portion of the investment in the relevant property may be lost. In addition, all of a Client's assets may be at risk in the event of an uninsured liability to third parties.

**Investment in Distressed Assets.** The Firm may originate performing debt investments and may acquire not only performing but sub-performing or non-performing debt interests as well, which are secured directly or indirectly by real estate. In addition to the risks of borrower default, the collateral may be mismanaged or otherwise decline in value during periods in which the Firm is seeking to maximize investment value. It is possible that the Firm may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased or originated by the Firm. The foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states or countries, foreclosure actions can take up to several years to conclude. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, staying the foreclosure action and further delaying the foreclosure process.

Investments in assets operating in workout modes under the U.S. Bankruptcy Code, or the equivalent in non-U.S. jurisdictions, are, in certain circumstances, subject to certain additional potential liabilities which may exceed the value of the Client's original investment.

Bankruptcy laws may delay the ability of the Client to realize on collateral for loan positions held by it or may adversely affect the priority of such loans through doctrines such as equitable subordination or may result in a restructure of the debt through principles such as the "cramdown" provisions of the bankruptcy laws.

**Variable Rate Mortgages.** Certain investments may be subject to financing that provides for adjustments in the interest rate at various monthly, annual or other intervals. An increase in the interest rate as a consequence of any such adjustment: (i) would result in less income to Clients; (ii) may reduce distributions to Clients; (iii) may cause negative amortization; and (iv) may cause the sale of an investment prematurely or on less favorable terms than might otherwise be obtained. Similarly, with respect to debt that is based on variable interest rates, Clients are subject to the risk that such interest rates may decline.

**Third Party Involvement.** Some investments may be made on behalf of a Client as: (i) a joint venture partner with the seller of an asset; (ii) an affiliate of the seller; (iii) an investor unaffiliated with the Client or its affiliates; or (iv) other persons. The foregoing, and other non-specified, investment examples may involve risks not inherent in other types of investment vehicles, including, for example, the possibility that such entities may become insolvent and bankrupt, have economic or business interests or goals inconsistent with those of the Client or otherwise be in a position to take action inconsistent or potentially competing with the Client's objectives, desires or policies. In addition, the Firm may rely upon the abilities, services or management expertise of an asset servicer or an investment partner. The Firm may encounter challenges or resistance to disposing of an interest in an asset that is subject to a servicing contract or a joint venture transaction. A joint venture investment agreement may grant partners veto powers with respect to major decisions concerning management or disposition of an investment, which could increase the risk of deadlocks that may adversely affect investment liquidity, values and returns.

**Litigation at the Property Level.** The acquisition, ownership and disposition of real properties carry certain specific litigation risks, which could result in losses to Clients.

Litigation may be commenced with respect to a property acquired by a Client in relation to activities that took place prior to the Client's acquisition of such property. In addition, at the time of disposition for an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosures made if such buyer is passed over in favor of another as part of the Firm's efforts to maximize sale

proceeds. Similarly, successful buyers may later bring suit under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in their purchase due diligence.

**Foreign Currency and Exchange Rate Risk.** Some Clients will be subject to currency risk exposures due to differences in the timing of capital contributions, income and sales receipts, fee and expense allocations, and return of capital and profit distributions due to foreign currency conversions associated with these events. The Firm may seek to mitigate these exposures but no assurance can be given that such effort will be undertaken or that it will succeed in limiting any or all foreign exchange risk. Any expense associated with such efforts will be borne by such Clients in proportion to their investments. Given the inherent risks associated with hedging (or not hedging) currency exchange risk exposure, the Firm cannot guarantee the effectiveness of any such hedging efforts.

**Non-U.S. Investments.** Clients have made investments in real estate and the debt and equity instruments of public or private issuers domiciled outside of the United States, particularly in Brazil. With any investment in a foreign country, there exists certain risks that might not be found in a similar investment in the U.S., including political and economic considerations, such as greater risks of expropriation and nationalization, the potential difficulty of repatriating funds and general social, political and economic instability; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict a Client's investment opportunities. In addition, accounting and financial reporting standards that prevail in non-U.S. countries generally are not equivalent to U.S. standards and, consequently, less information may be available to investors in issuers located in non-U.S. countries than is available to investors in issuers located in the United States. In addition, laws, regulations and conditions in foreign countries may impose restrictions or risks that would not exist in the U.S. and may require financing and structuring alternatives which differ from those customarily used in the U.S.

## **Item 9 – Disciplinary Information**

**If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.**

No events have occurred at GTIS that are applicable to this Item.

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

**A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

No GTIS management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

**B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities, disclose this fact.**

Neither GTIS nor any of its management persons is registered or has an application pending to register as a broker-dealer, futures commission merchant, commodity pool operator, commodity-trading adviser, or associated person of the foregoing, and GTIS does not anticipate such affiliations in the future.

**C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.**

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker
2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. Other investment adviser or financial planner
4. Futures commission merchant, commodity pool operator, or commodity trading advisor
5. Banking or thrift institution
6. Accountant or accounting firm
7. Lawyer or law firm
8. Insurance company or agency
9. Pension consultant
10. Real estate broker or dealer
11. Sponsor or syndicator of limited partnerships.

As indicated above, (i) GTAM, an investment adviser registered with the SEC, either directly or through one of its affiliated entities, is a minority principal owner of GTIS and receives a portion of GTIS’ income, except for income that is attributable to investment management services rendered to GTAM and (ii) GTIS acquires, manages and disposes of investments on behalf of GTAM Entities and receives Compensation in connection therewith. GTAM manages a variety of absolute return strategies which invest in bank debt, high yield bonds, distressed debt, middle market loans, and equities and, through its arrangements with the Firm, real estate.



GTAM has also committed to investing a portion of the GTAM Funds' assets in the same real estate opportunities that are to be made by certain Funds, including any related co-investments of these Funds. These investments are made on a side-by-side and pro rata basis in proportion to the GTAM Funds' capital commitments to the particular Fund program and the aggregate capital commitments of the Fund Investors in such Fund program. The GTAM Funds that invest on a side-by-side basis with such Funds also pay a proportionate share of the Fund program's expenses, although GTAM pays Compensation on their behalf based on the Separate Account formulas described above in Item 5.A rather than the Fund formulas described in Item 5.A. Given the investment allocation policy described above in Item 6, and the proportionate basis by which certain GTAM Funds and a particular Fund invest in each Fund investment, the Firm does not consider this arrangement to create a material conflict of interest between Clients.

The following entities are both relying advisors and related persons of the Firm and are directly or indirectly paid the Compensation described herein.

- GTIS Real Estate Management, LLC, which is wholly-owned by the Firm, has been appointed as investment manager to the Funds and receives the Management Fees from the Funds.
- GTIS Partners II LP ("GTIS II"), which is beneficially owned by the same persons as the Firm, wholly-owns certain entities that act as general partners to the Funds. GTIS II receives Profits Interests from the Funds.
- See Item 10.C in relation to GTAM.

**D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

See Item 10.C in relation to GTAM.

GTIS has and will continue to develop relationships with professionals who provide services it does not provide, including: legal; accounting; banking; tax preparation; insurance brokerage; investment management services; and other personal services. None of the above relationships, however, creates a material conflict of interest with any of GTIS' clients or its investors.

From time to time, GTIS may receive training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom it may do business or to whom it may make

referrals. At no time will GTIS accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider.

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

**A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.**

### **Code of Ethics**

As fiduciaries, GTIS and its employees have certain legal obligations to put clients' interest ahead of their own. The Firm has adopted a written code of ethics based on principles of openness, honesty, integrity and trust. At least once a year, each GTIS employee is required to acknowledge this code and agree to be bound by it.

In an effort to avoid any actual or potential conflicts of interest with Client accounts, the Firm maintains a Code of Ethics that requires preclearance and holding restrictions on personal securities trading as well as other conduct of the Firm's supervised persons. Among other things, supervised persons are generally (a) not permitted to purchase or sell any security held by Clients at any time that the Firm is dealing in the subject security on behalf of such Clients; (b) required to obtain prior approval from the Firm's Compliance Officer (or its designee) before placing a personal securities transaction; and (c) required to hold securities subject to the Firm's pre-approval procedures for a certain prescribed period of time. Supervised persons forward duplicate account statements and trade confirmations to GTIS or provide them by electronic feeds from the broker-dealers with respect to personal securities transactions.

Employees of GTIS who violate the code of ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension or dismissal. Employees are also required to promptly report any violations of the code of ethics of which they become aware.

GTIS will provide a copy of its code of ethics to any existing or prospective investor upon request to its Chief Compliance Officer, Steven Gorey, at (212) 220-5200.

**B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

### **Participation or Interest in Client Transactions**

While not likely to occur due to the nature of the Firm's business, it is the policy of the Firm to not knowingly sell any security to or purchase any security from a Client while acting as principal for its own account ("Principal Transactions") without the consent of such Client.

The Firm does not have a brokerage affiliate and, therefore, it is the policy of the Firm to not knowingly effect any sale or purchase of any security whether publicly or privately listed for the account of a Client while acting as a broker for a person other than such Client ("Agency Cross-Trading Transactions") without the consent of such Client.

The Firm has effected and in the future may effect transactions between two or more of its Clients ("Internal Cross-Trading Transactions") to the extent permitted in the Operative Documents of such Clients. The Firm and certain of its controlling persons have and may have ownership interests in Clients on both sides of the Internal Cross-Trading Transactions, and the Firm may have a conflicting duty of loyalty in advising both sides of the Transaction. The Firm does not receive any additional compensation for these Transactions, is not deemed to be a broker for purposes of Section 206(3) of the Advisers Act in connection with such Transactions, and therefore, such Transactions are not Advisory Cross-Trading Transactions. No Internal Cross-Trading Transactions will be conducted with a Fund that is a "plan assets vehicle" under ERISA.

## **Conflicts of Interest**

**C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

## **Personal Trading**

In rare cases, GTIS' business may provide GTIS and its employees with access to material nonpublic ("insider") information. The code of ethics includes a prohibition on insider trading and outlines strict policies that dictate how any such information is treated.

GTIS' employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding publicly traded securities or communicating material non-public information about such securities to others. Supervised persons are required to submit annual and quarterly reports of security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest.

**D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same**

securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Please refer to Items 11.A, 11.B and 11.C.

## **Item 12 – Brokerage Practices**

**A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

**1. Research and Other Soft Dollar Benefits.** If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.

Because of the nature of its real estate advisory services, GTIS does not receive research or other soft dollar benefits in connection with securities transactions for any Client Accounts.

**2. Brokerage for Client Referrals.** If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

GTIS does not receive client referrals from a broker-dealer or third party in connection with considering, selecting or recommending broker-dealers.

**3. Directed Brokerage.**

The Firm does not enter into directed brokerage arrangements

**B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

When more than one Client holds securities of the same investment, the Firm typically sells a pro rata portion of the securities held by each Client at the same time. This aggregation of sales is typically required by the Operative Documents of the Clients and is more particularly described above in Item 10.C. with respect to the GTAM Funds and the Funds.

### Item 13 – Review of Accounts

**A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.**

Each Client has specific investment criteria and limitations set forth in its Operative Documents. Before the Firm makes an investment on behalf of a Client, members of the applicable Investment Committee evaluate whether the investment will satisfy the particular investment criteria and limitations applicable to that Client. In addition, in the case of a Separate Account, generally Client approval will be required before the Firm can make the investment. After an investment is made, the Firm's asset management, finance and compliance personnel, together with the Senior Managing Director(s) who are responsible for that investment, who are also member(s) of the Investment Committee for the Client, will continuously monitor the investment. Any decision to sell or materially modify the business or financial terms of investments held by a Client is made and formally documented by the members of the applicable Investment Committee for that Client, also subject in certain cases to the approval of a Client that is a Separate Account.

As a part of the regular asset management and reporting process, the Firm maintains the record of capital allocations to different property types, asset classes and geographies, which is regularly examined and discussed by the investment team and the Investment Committee. The overall management of the investments occurs in regular weekly, monthly and quarterly meetings held via phone or in person; many include the participation of the Firm's operating partners. Investment operating performance is documented and monitored by the submission, typically monthly, of operating and financial reports to the Firm's asset management personnel. Meetings routinely occur at the location of the investment. Concentration of capital in all sectors and geographies is reviewed and strategic recommendations for any adjustments are submitted to the Investment Committee as warranted.

Throughout the investment identification, asset management and disposition process, the Firm focuses on generating optimal risk-adjustment returns by prioritizing capital preservation and risk mitigation in its investments.

**B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review**

The Client's Operative Documents generally require its investments to be reported at fair market value ("FMV"). Because values on substantially all of the Firm's investments are not available on publically traded exchanges, valuations can be performed internally at other than quarterly intervals by the Firm's staff, or by an independent third-party appraiser quarterly or annually, as and when

required by the Operative Documents, or on an as-needed basis.

**C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.**

Written portfolio reports are prepared for all Clients and Fund Investors and furnished to in writing as agreed upon in the Operative Documents. These reports may be provided quarterly, semi-annually or annually (as provided in the applicable Operative Documents) and provide the investment's FMV or Fund's FMV, as well as the Client and Fund Investor's funded and unfunded capital commitments. Investment updates are provided to Clients and Fund Investors typically on a quarterly basis along with unaudited financial statements within 45 days of each quarter's close. Clients and Fund Investors also receive annual audited financial statements within 120 days of calendar year end. The type and timing of Client reports is described in the each Client and Fund Investor's Operative Document(s).

**Item 14 – Client Referrals and Other Compensation**

**A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

No one who is not a client provides an economic benefit for providing investment advice or other advisory services to GTIS Clients.

**B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation**

The Firm has and may have dealings with various types of intermediaries in connection with offering interests in the Funds to prospective investors. Such intermediaries may include, for example, other individuals and firms that market interests in a Fund to prospective investors in return for compensation based upon the subscriptions made by such prospective investors (each, a "Placement Agent").

The Firm will (i) engage each Placement Agent in accordance with applicable law and (ii) disclose the terms of each Placement Agent engagement to the applicable Fund Investor to the extent such disclosure is required by law. In addition, the Firm will disclose its relationship with Placement Agents to any particular prospective investor to the extent it is reasonably likely to be material to such prospective investor's decision whether to invest in Fund.

In the event that the Firm engages in an intermediary (a “Solicitor”) to solicit or refer Clients other than Funds in return for compensation based up on the commitments made by such Clients, the Firm will be required to comply with Rule 206(4)-3 (the “Cash Solicitation Rule”) under the Act. The Cash Solicitation Rule sets forth certain requirements that must be satisfied in order for a registered investment adviser to pay a cash fee, directly or indirectly, to any Solicitor.

Investors introduced by a Placement Agent or Solicitor will not be charged any more than investors that were not introduced by a Placement Agent or Solicitor in the same Client and share class.

## **Item 15 – Custody**

**If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.**

By its ability to deduct performance fees from investor accounts, GTIS is deemed to have custody over its Clients’ funds. The Funds are audited annually by Ernst & Young and KPMG, and GTIS delivers to the Funds and their limited partner investors a copy of the annual audited financial statements within 120 days of the fiscal year end. Separate Accounts are also audited annually by Ernst & Young, and GTIS delivers to the Separate Account investors a copy of the annual audited financial statements within 120 days of fiscal year end.

GTIS does not take physical possession of client money or securities; called capital is directly sent or wired into GTIS’s custodial accounts. Each Fund and Separate Account uses a bank as custodian for limited partner cash accounts and a qualified custodian for all certificated securities. GTIS and Separate Account Clients receive monthly statements from the appropriate bank(s) for capital account balances and activity and quarterly statements from the appropriate qualified custodian(s) for security balance and activity. Separate Account Clients receiving custodial statements are encouraged to compare these statements with those received from the Firm, but to note that these custodial statements will only represent a portion of their investment in the Separate Account. Custodians are identified in GTIS’s Form ADV Part 1.

## **Item 16 – Investment Discretion**

**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this**

**authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

The Firm normally has complete discretion to make all investment decisions for its Clients, subject to any applicable investment criteria or other restrictions and limitations set forth in the Operative Documents. Investment restrictions for the Funds, if any, are generally established in the Advisory Agreements of the applicable vehicle. With respect to the Co-Investment Funds, often the decision to make a co-investment through a Co-Investment Fund will be made by the investors choosing to invest in that Co-Investment Fund instead of the Firm.

Investment advice is provided directly to the Clients, subject to the direction and control of the General Partner of each Fund, and not individually to the investors in the Funds and Separate Accounts.

To become a limited partner in a Fund or an investor in a Separate Account, an investor must execute a subscription agreement which includes a power of attorney applicable to the execution of a limited partnership agreement with such Fund or Separate Account. GTIS is not permitted to transact any business with a limited partner until the limited partner executes the subscription agreement. An investor may impose limitations on GTIS's authority through a side letter agreement and the Firm may choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon a limited partner's account must be presented to GTIS in writing and agreed to by all parties. No limited partners to date have limited GTIS's discretion to provide investment advice, nor have any limited partners limited GTIS's ability to invest in specific company sectors or otherwise.

## **Item 17 – Voting Client Securities**

**A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

The policies and procedures contained in this Item 17 have been adopted to comply with the requirements of Rules 206(4)-6 and 204-2 of the Act.

GTIS is an active investor on behalf of its Clients, and retains material rights to participate in the governance of its non-public investments and, when applicable, to vote proxies on publicly traded



securities in which it invests on behalf of its Clients. Because of the active role the Firm takes in connection with many of its investments, it is the Firm's practice to review and vote proxies on a case-by-case basis.

The Firm's Senior Managing Director responsible for the particular investment is generally responsible for (i) monitoring matters requiring voting (for example, major leases, capital improvements, financings, asset sales, and other major decisions), (ii) identifying any potential conflicts of interest that may arise in the proxy voting process and informing the Chief Compliance Officer and (iii) deciding what is in the best interest of the each particular Fund or other Client when determining how proxies are voted based on all of the facts and circumstances known to the Senior Managing Director at that time and voting as appropriate. The Firm will act in a timely manner and in the best interest of each Client with respect to any such actions.

The Chief Compliance Officer is responsible for the general oversight of the proxy voting process and for determining whether a potential conflict of interest identified by the Senior Managing Director exists. Examples of potential conflicts of interest include situations where the Firm or any personnel of the Firm has a material business or personal relationship with a proponent of a proxy proposal and the relationship may influence how the proxy vote is cast. In certain cases of conflicts of interest, including certain matters that may be set forth in the Operative Documents, the Firm will seek advice from an independent adviser, refer the matter to the Client or refer the matter to the Fund Board of Advisors of Fund Investors of the applicable Fund.

As required by Rule 204-2 of the Act, the Firm maintains records regarding the manner in which it (i) administers its policies and procedures, and (ii) votes proxies for its Clients. Clients may obtain a copy of GTIS' complete proxy voting policy upon request, free of charge, from GTIS' Chief Compliance Officer, Steven Gorey, at (212) 220-5200. Clients may also obtain information from the Firm, free of charge, about how GTIS voted any previous proxies.

## **Item 18 – Financial Information**

**A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

GTIS does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance.

**B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

GTIS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to investors.

**C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

The Firm has not been the subject of a bankruptcy proceeding at any time during the past ten years.