

Form ADV Part 2A: Firm Brochure

Item 1 Cover Page



January 1, 2017

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CRD: 158137

This Brochure provides information about the qualifications and business practices of Beacon Capital Partners, LLC. If you have any questions about the contents of this Brochure, please contact Doug Cornelius, Chief Compliance Officer at 617-457-0400 or dcornelius@beaconcapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment adviser does not imply any level of skill or training. Additional information about Beacon Capital Partners, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

The following are the material changes from the Form ADV Part 2A dated January 1, 2016.

1. The Assets Under Management described in Section 4.E. As Fund IV and Fund V near the end of their partnership terms, we are selling assets and returning capital to investors. As we achieve our business plans for the assets owned by Fund VI we are strategically selling assets and returning capital to investors.

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Item 4 Advisory Business

A. Description of Firm and Principal Owner

Beacon Capital Partners, LLC (“Beacon Capital”) was founded in 1998 to sponsor and manage private, closed-end, commingled real estate investment funds (the “Beacon Funds”). Beacon Capital is headquartered in Boston, with offices in Chicago, Los Angeles, New York, San Francisco, Seattle, and Washington D.C./Northern Virginia. The principal owner of Beacon Capital is The Pine Trust, an estate planning vehicle of Alan M. Leventhal.

Prior to forming Beacon Capital, Alan Leventhal, as CEO, and nine other members of Beacon Capital’s original management team served as officers of Beacon Properties Corporation, a publicly traded, national office property company that completed its IPO in 1994. Beacon Properties Corporation merged with Equity Office Properties Trust in December 1997.

Since 1998, Beacon Capital has raised eight private, closed-end, commingled investment funds with total capital commitments of more than \$12 billion.

B. Types of Advisory Services Offered

Beacon Capital has affiliated entities that serve as the general partner of each Beacon Fund. For more information on the Beacon Funds see Item 7 below.

The Beacon Funds invest in commercial real estate and related assets, with a focus on value-added investments in office properties in select target markets. The form of investment may include equity or debt interests.

In 2016, Beacon Capital entered into a strategic joint venture (“Beacon JV One”) with an institutional investor to invest in real estate assets that fall out outside the investment strategy of the Beacon Funds.

The Beacon Funds and Beacon JV One are collectively referred to as the “Beacon Platforms.”

C. Tailoring Advisory Services to Individual Needs

Beacon Capital tailors its advisory services to the individual needs of the Beacon Platforms in accordance with their investment objectives and restrictions in their limited partnership agreement or other constituent documents (for each Beacon Platform, collectively its “Platform Agreements”).

D. Wrap Fee Program

Beacon Capital does not participate in wrap fee programs.

E. Assets Under Management

As of December 31, 2016 Beacon Capital managed \$3,240,278,000 on a discretionary basis, based on the definition of Regulatory Assets Under Management.

As of December 31, 2016, the gross value of the real estate assets managed by Beacon Capital, including debt and joint venture interests, was \$7,196,598,000.

Item 5 Fees and Compensation

A. How Beacon Capital is Compensated for its Advisory Services

Each Beacon Fund pays to Beacon Capital or an affiliate of Beacon Capital an annual management fee or special distribution (the “Management Fee”) payable in quarterly installments.

During a Beacon Fund’s commitment period, the Management Fee payable by a Beacon Fund in respect of each investor will equal the product of a stated percentage applicable to that investor multiplied by its total commitment to the applicable Beacon Fund. Following the commitment period, the Management Fee payable by the Beacon Fund in respect of an investor will equal the product of the stated percentage for that investor multiplied by that investor’s share of the acquisition costs of assets held by the Beacon Fund on the payment date (reduced by any write-downs or write-offs for such assets).

As described in Item 6 below, the general partner of each Beacon Fund is entitled to incentive payments in certain circumstances.

In certain circumstances, Beacon Capital is entitled to a portion of certain savings from negotiated property management agreements, with the remainder of the savings accruing to the applicable Beacon Fund.

For Beacon Capital Strategic Partners VII, L.P., Beacon Capital is entitled to a fee for leasing services in certain circumstances as described in the Private Placement Memorandum and limited partnership agreement for that fund.

For Beacon JV One, Beacon is entitled to a fee based on the asset value approved by the joint venture partner and an incentive payment in certain circumstances.

B. Deduction of Fees from Invested Assets

Beacon Capital’s compensation may be deducted from the cash accounts or distributions of the Beacon Platforms, paid from investment income, borrowings or capital contributions of investors. Each Beacon Platform may elect the method to pay Beacon Capital’s compensation.

C. Other Types of Fees and Expenses

Each Beacon Fund pays the offering and organizational expenses incurred in the formation of the fund and the related entities up to a certain maximum limit detailed in each Beacon Fund’s Fund Agreement. Any Placement agent fees are borne by the

Beacon Funds, but result in a corresponding reduction in the Management Fee that would be paid to Beacon Capital.

Each Beacon Platform generally pays all expenses related to its activities (other than Beacon Capital's general overhead expenses), including:

- Costs related to the purchase, refinancing and sale of investments (including travel expenses and costs related to proposed investments that are not consummated)
- Legal, auditing and accounting fees
- Litigation expenses
- Insurance
- Third party consultants
- IT costs related to the real estate
- Construction professionals employed by Beacon

Other expenses may be charged to a Beacon Platform as described in its Platform Agreement.

D. Payment of Fees in Advance

The Fund Agreements provides that the Management Fee will be paid quarterly in advance. If a payment period ends prior to a quarter-end, then payment for such quarter will be pro-rated based on the number of days in such quarter for which a payment is due.

E. Compensation for Sales of Securities

The Beacon Platforms generally do not purchase publicly traded securities. Beacon Capital and its supervised persons are not compensated for the sale of securities or other investment products.

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

An affiliate of Beacon Capital is the general partner or a managing member of each Beacon Platform and is entitled to an incentive distribution to the extent returns to the investors exceed certain thresholds. The calculation for these incentive distributions are detailed in the Platform Agreement for each Beacon Platform. Differences in the calculation of incentive distributions for different Beacon Platforms could create incentives to favor one over another. Potential conflicts are generally mitigated by restrictions on forming a new Beacon Fund that would compete with a prior Beacon Fund for comparable investments until the prior Beacon Fund is substantially invested or committed for investment.

Performance based fee arrangements may create an incentive for Beacon Capital to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Item 7 Types of Clients

Beacon Capital provides investment management services to the Beacon Platforms. The Beacon Platforms are not open for purchase by the public and are intended for investment only by accredited investors.

Beacon Capital Strategic Partners IV, L.P. (together with its related parallel funds) made its first strategic investment in December, 2005, and its final strategic investment in April, 2007.

Beacon Capital Strategic Partners V, L.P. (together with its related parallel funds) made its first strategic investment in April, 2007, and its final strategic investment in March, 2008.

Beacon Capital Strategic Partners VI, L.P. (together with its related parallel funds) had its final closing for the investment in its limited partnership interests in January, 2010, and made its first strategic investment in August, 2010.

Beacon Capital Strategic Partners VII, L.P. (together with its related parallel funds) had its first closing in July 2014, made its first strategic investment in November, 2014, and had its final closing in October 2015. Fund VII follows an investment style similar to the prior Beacon Funds. Fund VII is the only existing Beacon Fund that is seeking new value-add strategic investment opportunities. The terms of the exclusivity are detailed in the limited partnership agreement.

Each Beacon Fund is comprised of multiple parallel funds, which generally invest in assets alongside each other, subject to any specific tax, regulatory or other issues relevant to each parallel fund. References in this Brochure to each Beacon Fund include its related parallel funds. Each Beacon Fund may co-invest in one or more assets with investors in the Beacon Fund or third parties.

Interests in the Beacon Funds are not registered under the 1933 Securities Act or any state's securities law, and the Beacon Funds are not registered under the Investment Company Act of 1940. Accordingly, interests or shares in the Beacon Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, including those set forth in Rule 501(a) of Regulation D under the 1933 Securities Act.

Investors will also be required to make certain representations when investing in a Beacon Fund, including, but not limited to that (i) they are acquiring an interest for their own account, (ii) they received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment and that (iii) they have

the ability to bear the economic risk of an investment in a Beacon Fund. Potential investors in a Beacon Fund receive a detailed private placement memorandum that describes the terms of the fund and risk factors associated with an investment in a Beacon Fund. Potential investors are expected to review that private placement memorandum in deciding whether to invest.

The Beacon Funds may enter into separate agreements, commonly referred to as “side letters,” or other similar agreements with a particular investor in connection with its admission to one of the Beacon Funds, without the approval of any other investor. This could have the effect of establishing rights under or supplementing the terms of the applicable Beacon Fund’s partnership agreement with respect to such investor, in a manner more favorable than to other investors.

Interests in a Beacon Fund and subscriptions for interests in a Beacon Fund may generally not be transferred, pledged or otherwise encumbered without the prior written consent of the general partner, in its sole discretion. There is no market for interests in the Beacon Funds and none is expected to develop.

An investment in a Beacon Fund is subject to a prescribed minimum investment amount unless otherwise waived by Beacon Capital. This minimum amount is disclosed in the offering documents for the particular Beacon Fund.

Beacon JV One is an investment platform managed by Beacon Capital. The two investors are an institutional investor and an affiliate of Beacon Capital. It is not open to other investors. To date it has invested in two real estate investments that did not meet the investment profile for Beacon Capital Strategic Partners VII, L.P. Investments by Beacon JV One are subject to approval by the institutional investor.

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

A. Investment Strategies

Beacon Capital advises the Beacon Funds which focus on value-added investments in office properties primarily in select target markets, which currently include Boston, Chicago, Denver, Los Angeles, New York, Portland, San Francisco, Seattle, and Washington, D.C./Northern Virginia. Fund IV and Fund V also invested in London and Paris. Beacon Capital's investment team is responsible for evaluating real estate investments for the Beacon Platforms.

Beacon Capital advises Beacon JV One which has a broader mandate and invests in properties that are outside the investment criteria of the Beacon Funds and in additional markets beyond the target markets of the Beacon Funds. Investments by the Beacon JV One are subject to approval by the investor.

B. Methods of Analysis

When selecting investments for the Beacon Funds, Beacon Capital focuses on the following key criteria:

- **High Quality, Unique Assets:** unique assets tend to maintain their value in difficult times and garner premiums in times of strong fundamentals
- **Discount to Replacement Cost:** acquiring assets at a discount to replacement cost increases return potential in supply-constrained markets
- **Opportunities for Adding Value:**
 - Repositioning and strategic capital improvements to enhance or reinforce the property's desirability to tenants within the market
 - Active leasing of vacant and rollover space to credit-worthy tenants at favorable rental rates and terms
 - Operating and capital improvements that reduce operating costs and increase efficiency
 - Development and redevelopment when appropriate, depending on market conditions

- Transaction sourcing and structuring utilizing Beacon Capital's relationships and experience to create efficient legal, tax, and ownership structures
- **Prudent Financing:** use of moderate leverage
- **Consideration of Exit:** continuous reassessment of timing for investment realization based on asset performance, economic and local market conditions, and the strength of prospective buyer demand

Beacon JV One focuses on investments based on criteria detailed in its Platform Agreement.

C. Material Risks

Investing in securities involves risk of loss that clients should be prepared to bear. The material risks to an investor in a Beacon Fund are detailed in the private placement memorandum delivered to each investor. These risks include, but are not limited to:

Real Estate Is Illiquid, and Revenue and Value Are Dependent on Conditions Beyond the Beacon Funds' Control. Each Beacon Fund invests in assets that may be subject to varying degrees of risk generally incident to the ownership of real property. Real estate investments are relatively illiquid. Consequently, the ability of a Beacon Fund to vary its investments in response to changes in economic and other conditions will be limited.

The underlying value of assets and a Beacon Fund's income are dependent not only upon its ability to operate the assets in a manner sufficient to maintain or increase revenues in excess of operating expenses and debt service but also upon factors beyond the control of Beacon Capital including without limitation: (i) adverse changes in national or local economic conditions; (ii) competition from other properties offering the same or similar services; (iii) changes in interest rates and in the availability, cost and terms of mortgage funds; (iv) the impact of present or future environmental legislation and compliance with environmental laws or of environmental remediation; (v) the ongoing need for capital improvements (particularly in older structures); (vi) changes in real estate tax rates and other operating expenses; (vii) adverse changes in governmental rules and fiscal policies; (viii) civil unrest; (ix) act of God, including, without limitation, earthquakes, hurricanes and other natural disasters (which may result in uninsured losses); (x) acts of war or terrorism (which may result in uninsured losses); and (ix) adverse changes in zoning laws.

Leverage. Each Beacon Fund will typically use leverage in its investments. While such leveraging will increase the funds available for investment, it will increase exposure to risk that could exacerbate losses.

Interest Rate Derivates. Each Beacon Fund may enter into derivative contracts to manage its exposure to interest rate risk. Such derivatives may expose a Beacon Fund to additional risks and additional costs, such as transaction fees or breakage costs related to hedging agreements.

Risks Related to Debt Investments. The Beacon Funds may invest in mortgage loans, mezzanine debt or other indebtedness secured by real property. Such debt investments are subject to, among other risks, (i) the risk of borrower default, (ii) the risks attendant to foreclosure, (iii) the risk of delays and expenses due to interposed defenses or counterclaims, and the possibility that a foreclosure sale may be challenged as a fraudulent conveyance, regardless of the parties' intent, and (iv) the risk that the Beacon Fund may be limited in its ability to collect certain amounts due it from a borrower that is a debtor in a bankruptcy case.

Risks Associated with Transactions Located Outside of the U.S. Some of the Beacon Funds have invested in real estate assets located outside of the U.S. This will subject the investments to various political and other risks that are different from and in addition to risks in U.S. investments. Fund VII will not invest in real estate assets located outside of the U.S.

Changes in Foreign Currency Exchange Rates. The income received by a Fund IV and Fund V with respect to real estate assets in foreign markets will be denominated in the local currency of the investment. However, the books of the Beacon Fund will be maintained in U.S. dollars, and capital contributions to and distributions from the Beacon Fund will be made in U.S. dollars. Accordingly, changes in currency exchange rates between U.S. dollars and such other currencies may adversely affect the U.S. dollar value of portfolio investments, gains and losses realized on the sale of portfolio investments and the amount of distributions, if any, to be made by the Beacon Fund. The Beacon Funds may engage in hedging transactions in order to manage the exposure to these risks, but any such arrangements may expose a Beacon Fund to additional risks, including additional costs, such as transaction fees or breakage costs related to hedging agreements.

Risks Involved in Acquisitions through Joint Ventures. Instead of purchasing properties directly, a Beacon Fund may invest as a partner or a co-venturer. Partnership or joint venture investments may, under certain circumstances, involve risks not otherwise present, including the possibility that the Beacon Fund's partner or co-venturer might at any time have economic or other business interests or goals that

are inconsistent with the business interests or goals of the Beacon Fund, and that such partner or co-venturer may be in a position to take actions contrary to the instructions or the requests of the Beacon Fund or contrary to the Beacon Fund's policies or objectives or may be unwilling to meet their commitments.

Environmental Risks. Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate 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 clean up costs incurred by such parties in connection with the contamination. Such 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.

Risks Involved in Development Projects. A Beacon Fund may invest in development projects. To the extent that a Beacon Fund invests in such development activities, it will be subject to the risks normally associated with such activities, including, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the Beacon Fund, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms.

Management and Resources. The officers and employees of Beacon Capital will devote such time as Beacon Capital, in its sole discretion, deems necessary to carry out the Beacon Fund's operations. However, no officer or employee of Beacon Capital will be required to devote full time to a Beacon Fund's business. Conflicts of interest may exist in the allocation of resources between the Beacon Funds and other related or unrelated activities, including allocation of the time of Beacon Capital's officers and employees.

Dependence on Key Personnel. Beacon Capital's ability to successfully manage the Beacon Funds will depend to a significant extent upon the experience of Alan Leventhal and other members of senior management of Beacon Capital whose continued service is not guaranteed.

The above is only a brief summary of some of the material risks associated with the investment strategies of Beacon Capital. Potential investors in a Beacon Fund are expected to review the private placement memorandum for the fund which details the material risks. Investing in a Beacon Fund involves risk of loss that an investor should be prepared to bear.

Item 9 Disciplinary Information

There is no disciplinary information to report that is applicable to this Item.

Item 10 Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration

Neither Beacon Capital nor any of its management persons are registered or have an application pending to register as a broker-dealer. Brent Elkins, a Managing Director, is a registered representative of a broker-dealer.

B. Commodity Trading

Neither Beacon Capital nor any of its management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Other Relationships Material to Our Advisory Business

Neither Beacon Capital nor any of its management persons have a business relationship that is material to Beacon Capital's advisory business or the Beacon Platforms with a related person that is any of the following:

- broker-dealer, municipal securities dealer, or government securities dealer or broker
- 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)
- other investment adviser or financial planner
- futures commission merchant, commodity pool operator, or commodity trading advisor
- banking or thrift institution
- accountant or accounting firm
- lawyer or law firm
- insurance company or agency
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships.

D. Relationships With Other Investment Advisers

Beacon Capital does not recommend or select investment advisors for the Beacon Platforms.

Item 11 Code of Ethics

A. Description of Code of Ethics

Beacon Capital has adopted a Code of Conduct and Ethics pursuant to SEC Rule 206A-1 (the “Code”) which sets forth the high standard of business conduct expected of employees of Beacon Capital. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a restriction on personal security transactions, monitoring of personal securities accounts, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things.

Investors in a Beacon Fund may request a copy of the Code by contacting Doug Cornelius, Chief Compliance Officer.

B. Sale of Securities in Which Beacon Capital has an Interest

Beacon Capital does not generally recommend that its clients, the Beacon Platforms, invest in securities in which any related person to Beacon Capital has a material financial interest. If such a conflict arises, it is governed by the approval process detailed in the partnership agreement for the Beacon Fund.

C. Co-investment Conflicts

Each Beacon Fund may allow investors in the Beacon Fund or third parties to co-invest in one or more assets along with the Beacon Fund. Beacon Capital and its related persons may also co-invest directly or indirectly with the Beacon Fund or the co-investors. In Fund VII, Beacon Capital granted priority co-investment rights to certain investors.

D. Recommendations and Sales of Securities

Beacon Capital does not recommend securities or buy or sell securities for its clients at or about the same time that it buys or sells the same securities for its own account.

Item 12 Brokerage Practices

A. Selection of Broker-Dealers

The Beacon Platforms do not usually invest in publicly traded securities and therefore do not select broker-dealers on a regular basis. When required to select a broker-dealer for transactions by a Beacon Platform, Beacon Capital will make the selection based on a combination of cost, execution capability, and trading expertise consistent with the transaction. Beacon Capital will endeavor to negotiate a combination of the most favorable commission and the best execution attainable on any such transaction.

B. Aggregation of Transactions for Client Accounts

Beacon Capital does not aggregate the purchase or sale of securities for the Beacon Platforms because the Beacon Platforms do not regularly invest in publicly traded securities.

Item 13 Review of Accounts

A. Periodic Review of Client Accounts

The only accounts under the supervision of Beacon Capital are the accounts of the Beacon Platforms. The investment committee of Beacon Capital generally meets weekly to review the general portfolio composition, investment opportunities and market conditions.

B. Factors that Trigger a Review

The composition of a Beacon Platform's portfolio is generally reviewed quarterly and at the time of a prospective new investment.

C. Reports to Clients Regarding Their Accounts

Beacon Capital delivers a quarterly report to investors in the Beacon Platforms. Annually, Beacon Capital delivers audited financial statements to the investors in the Beacon Platforms. Investors in a Beacon Platform may request additional information about the investments and portfolio.

Item 14 Client Referrals and Other Compensation

A. Compensation from Non-Clients for Advisory Services

No person who is not a client of Beacon Capital provides an economic benefit to Beacon Capital for providing investment advice or other advisory services to the Beacon Platforms. Beacon Capital may receive other compensation in respect of persons who engage in joint ventures with the Beacon Funds.

B. Compensation for Referrals

Since Beacon Capital only provides investment advice to the Beacon Platforms, there are no client referrals.

The Beacon Funds have previously engaged third party placement agents to assist with the sale of interests in the Beacon Funds. Beacon Capital engaged placement agents to assist with the sale of investments in Fund VII. Placement agent fees are borne by the Beacon Funds, but result in a corresponding reduction in the Management Fee that would be paid to Beacon Capital.

Item 15 Custody

In connection with the management of the Beacon Platforms, Beacon Capital may have or be deemed to have custody of some of the Beacon Funds' assets under SEC Rule 206(4)-2.

Each Beacon Platform is subject to an annual audit and its audited financial statements, prepared in accordance with generally accepted accounting principles, are distributed to all investors within 90 days of the end of its fiscal year. The auditor of each Beacon Platform is an independent public accountant that is registered with and subject to regular inspection by the Public Accounting Oversight Board in accordance with its rules.

To the extent Beacon Capital is deemed to have custody under SEC Rule 206(4)-2 of any Beacon Platforms' assets that are not "privately offered securities" as described in the rule, or are not "private stock certificates" as described in the SEC's Investment Management Guidance Update No. 2013-04, Beacon Capital will arrange for such assets to be held by a "qualified custodian" as defined in the rule.

Beacon Capital changed auditors for Fund V in 2015. EY is a large tenant in a building that was owned by Fund V and EY was the auditor for Fund V. As Beacon Capital has sold assets in Fund V, that building had become a larger percentage of the remaining assets in Fund V. As a result, the EY lease had become more material to the remaining value of Fund V. During the second quarter of 2015, EY concluded that it would not be independent under Regulation S-X as to Fund V. After exploring several options, Beacon Capital determined that it would have to replace EY as the auditor for Fund V to comply with the Custody Rule requirements.

Item 16 Investment Discretion

Beacon Capital has and accepts the authority to manage the Beacon Funds on a discretionary basis, subject to the investment restrictions, covenants, and other terms set forth in the Fund Agreement of the applicable Beacon Fund.

Investments and dispositions by Beacon JV One are subject to approval of the investor.

Item 17 Voting Client Securities

The Beacon Platforms typically do not hold material amounts of publicly traded securities. Beacon Capital accepts the authority to vote securities held by the Beacon Platforms and has established a proxy voting policy as required by Rule 206(4)-6. A copy of Beacon Capital's written proxy voting policies and procedures, as well as a record of how Beacon Capital has voted in the past, will be maintained and available for review upon written request.

Item 18 Financial Information

A. Balance Sheet

A registered investment adviser is required in this item to provide certain financial information if it requires prepayment of more than \$1,200 in fees per client, six months or more in advance. Beacon Capital does not require the prepayment of fees six months or more in advance.

B. Financial Condition

Beacon Capital has no financial condition that is likely to impair its ability to meet its contractual commitments to the Beacon Platforms.

C. Bankruptcy

Beacon Capital has not been the subject of a bankruptcy petition at any time during the past ten years.