

# **DLJ Real Estate Capital Partners, LLC**

**Form ADV Part 2A**

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**March 31, 2017**

This Brochure provides information about the qualifications and business practices of DLJ Real Estate Capital Partners, LLC ("DLJ RECP"). If you have any questions about the contents of this Brochure, please contact us at (212) 901-4928. 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.

DLJ RECP is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about DLJ RECP also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for DLJ RECP is 106238.

## **Item 2 – Material Changes**

This Item of the Brochure will discuss only material changes that are made to the Brochure and provide clients with a summary of such changes since our last annual update on March 30, 2016. This annual update of our Brochure contains the following material changes:

General revisions have also been made throughout this brochure in order to more clearly describe the adviser and affiliate's activities.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Martin Clarke, Chief Compliance Officer at (212) 901-4928.

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## Item 4 – Advisory Business

Initially established in 1995, DLJ RECP ultimately served as the global real estate private equity arm of Credit Suisse. In September 2010, DLJ RECP was spun-off from Credit Suisse as an independent entity and the Firm continues to manage global real estate private equity funds. DLJ RECP is principally owned by DLJ RECP Management, L.P., a Delaware limited partnership and minority owned by Credit Suisse Private Equity, Inc. Through DLJ RECP Management, L.P., DLJ RECP is principally owned by Mr. Andrew Rifkin.

DLJ RECP provides investment advice to global opportunistic real estate private equity funds. An affiliate of DLJ RECP generally acts as general partner of funds that are organized as limited partnerships, limited liability companies or similar investment vehicles (collectively referred to as the “Partnerships”) and DLJ RECP generally acts as manager of the Partnerships. The Partnerships are structured to invest either (i) in a particular company or existing investment portfolio or (ii) in certain types of investment opportunities as described in the offering memorandum of the Partnership with the actual investments identified by DLJ RECP and made during a designated commitment or similar period. DLJ RECP also manages funds which invest in portfolios which are mirror-images of the funds described above and to dispose of investments made in “lock step” with such funds.

The Partnerships are privately offered to institutional investors and high net worth individuals and are designed to make long-term private equity investments in real estate and related assets. DLJ RECP’s services consist of identifying investment opportunities, making investments, and managing and disposing of investments already made by the Partnerships.

The Partnerships are offered exclusively to accredited investors and/or qualified purchasers pursuant to Section 3(c)(1), 3(c)(5) or Section 3(c)(7) of the Investment Company Act of 1940 (as amended, the “Company Act”), and are therefore not required to register as investment companies under the Company Act in reliance upon certain exemptions available to investment funds whose securities are not publicly offered.

DLJ RECP tailors its advisory services to the specific investment objectives and restrictions of each Partnership pursuant to the investment guidelines and restrictions set forth in Partnerships’ confidential private placement memorandum, limited partnership agreement and other governing documents (collectively, the “Offering Documents”).

All investors and prospective investors should refer to the Offering Documents in conjunction with this brochure for complete information on the investment objectives, fees, strategies and investment restrictions of a particular Partnership. There is no assurance that any of the below Partnerships’ investment objectives will be met or that the Partnerships’ strategies will be successful.

In accordance with common industry practice, one or more of the Partnerships' general partners may enter into "side letters" or similar agreements with certain investors pursuant to which the general partner grants the investor specific rights, benefits, or privileges that are not made available to investors generally.

DLJ RECP manages all assets of the Partnerships on a discretionary basis in accordance with the terms and conditions of each Partnership's Governing Documents. As of December 31, 2016, the amount of assets DLJ RECP manages on a discretionary basis was approximately \$ 2,278,986,644, which was calculated based on the current market value (or fair value) of the Partnerships assets and the contractual amount of any uncalled commitments to which investors are obligated to make capital contributions to the Partnerships.

## **Item 5 – Fees and Compensation**

### *Compensation and Fee Schedules*

DLJ RECP will receive management fees based on a percentage of a given Partnership's assets or capital commitments. In addition, an affiliate of the DLJ RECP, as general partner of a Partnership, will receive a special allocation dependent upon the Partnership's overall performance. These special allocations will comply with Section 205 of the Investment Advisers Act of 1940 (the "Advisers Act") and Rule 205-3 thereunder. Generally, neither the annual fee nor the performance allocation are negotiable.

All investors should review the Offering Documents of each Partnership in conjunction with this brochure for complete information on the fees and compensation payable with respect to a particular DLJ RECP Partnership.

Generally, no compensation is payable to DLJ RECP before services are provided; however, in certain limited circumstances, DLJ RECP will receive compensation quarterly in advance. Because the Partnerships invest in long-term private investments, any requirements for short-term redemption could adversely affect the objectives of the Partnerships and the interests of investors. Accordingly, under the relevant partnership or similar agreements, no limited partner will have the right to (i) receive any refund of the annual advisory fee or (ii) early termination of its obligations under the partnership or similar agreement, provided that, under certain circumstances, limited partners or other investors subject to the Employee Retirement Income Security Act of 1974 ("ERISA") may have withdrawal rights.

Please refer to the Offering Documents of each of the Partnerships for complete information on the timing of advisory fee payments.

### *Other Fees and Expenses*

In addition to the advisory fees payable to DLJ RECP, each Partnership will bear all expenses related to its operations, including, without limitation, fees, costs and expenses of the Partnership incurred in connection with potential investments and the evaluation, acquisition, ownership, sale, hedging or financing of any potential investment, taxes, fees of auditors, counsel and tax advisors, expenses of the Advisory Committee and annual meetings, insurance, travel, litigation and indemnification expenses, administrative expenses, and extraordinary expenses. These expenses shall include certain charges, including (but not limited to): fees, costs and expenses of any custodians, attorneys, accountants, auditors, tax advisors, consultants, brokers, agents, valuation experts or other professionals and brokerage commissions, registration fees and expenses, custodial expenses, other bank service fees and other investment costs, fees and expenses actually incurred in connection with actual portfolio investments. Contributions made by the Limited Partners for Partnership expenses will reduce their Commitments.

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

Related persons of DLJ RECP, as general partner of a Partnership, will receive certain allocations calculated and charged based on a share of realized capital gains on or capital appreciation of the assets of such Partnership. The performance-based allocation arrangements discussed above comply with Rule 205-3 under the Investment Advisers Act of 1940 (together with all rules and regulations the “Investment Advisers Act”). Fees paid to the general partners of the Partnerships are separate and distinct from the advisory fees charged by DLJ RECP for advisory services.

Performance-based allocation arrangements received by related persons of DLJ RECP may create an incentive for DLJ RECP to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement. Please refer to the Offering Documents of each Partnership for more complete information on the “performance-based fee” arrangements of each Partnership.

### *Side-by-Side Management*

DLJ RECP may provide concurrent advisory services to clients that are not charged a performance-based fee or allocation by DLJ RECP’s related persons and clients that are charged a performance-based fee or allocation by a related person of DLJ RECP. As a result, the potential for DLJ RECP’s related persons to receive greater fees or allocations from performance-based accounts creates a conflict of interest with respect to the allocation of investment opportunities, as DLJ RECP may have an incentive to direct the best investment ideas to, or to allocate investments in favor of, the account that pays a performance fee or allocation. Typically, the Funds which are not charged a performance-based fee are managed by an affiliate of Credit Suisse on behalf of certain employee plans. To mitigate potential conflicts of interest, the allocation of commitments and investment decisions is made pro-rata between the applicable DLJ Fund and the corresponding employee co-

investment plan. In the event the investment opportunity is suitable for more than one DLJ RECP Fund, DLJ RECP and its affiliates will derive an allocation that, over a period of time, is fair and equitable, taking into account all relevant facts and circumstances.

## **Item 7 – Types of Clients**

DLJ RECP provides investment advice to pooled investment vehicles (private equity funds, collectively referred to as the “Partnerships”). The Partnerships are privately offered to institutional investors and high net worth individuals. Interests in the Partnerships may be purchased only by certain eligible investors who are “qualified purchasers” for purposes of Section 3(c)(7) of the Investment Company Act of 1940, as amended, and “accredited investors” as defined in Regulation D under the Securities Act of 1933, as amended (the “Securities Act”).

In general, the current minimum investment commitment required of an investor to participate in a DLJ RECP Partnership is \$10,000,000; however, the general partner of each Partnership has discretion to increase or reduce the minimum investment commitment. Investors are requested to refer to the Governing Documents of each of the Partnerships for complete information on minimum investment requirements for participation in a particular Partnership.

DLJ RECP may form other parallel funds, alternative investment vehicles and/or special purpose vehicles (collectively, “SPVs”) for the purpose of facilitating certain investments by one or more DLJ RECP Partnerships and/or investors. SPVs may be formed to address tax, legal, regulatory and/or other structural considerations.

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

### *Methods of Analysis and Investment Strategies*

DLJ RECP seeks to invest opportunistically on a global basis in quality real estate assets.

DLJ RECP monitors macroeconomic and asset-specific trends to identify exit and refinancing opportunities. This “top-down” strategic approach recognizes the diversified nature of the portfolio and seeks to maximize returns by balancing objectives at the property level against the macro-level issues that affect price and liquidity.

DLJ RECP adapts business plans to changing local market conditions and seeks to identify situations to generate proceeds via the sale or refinancing of assets. The investment strategy is to make investments in a broad range of real estate and real estate-related assets seeking attractive risk-adjusted returns over an anticipated three- to seven-year holding period.

DLJ RECP evaluates risks on a transaction-by-transaction basis and, as a result, structures investments as equity, preferred equity, participating debt and various combinations thereof.

DLJ RECP engages in a due diligence process, including review of risk factors, the structuring of efficient capital and tax vehicles, and the evaluation of applicable exit strategies.

A Partnership may invest directly in portfolio investments or may acquire portfolio investments through one or more subsidiary or affiliated partnerships, limited liability companies, real estate investment trusts or other vehicles, although the Partnership reserves the right to utilize other investment structures if such structures are in the best interests of the Limited Partners.

### *Risk of Loss*

#### ***Investing in securities involves risk of loss that clients should be prepared to bear.***

An investor in a Partnership should carefully consider, among other factors, the matters described below and all respective risk factor and risk of loss as described in all applicable Offering Documents. As a result of these factors, as well as other risks inherent in any investment or set forth elsewhere in the applicable Offering Documents, there can be no assurance that a DLJ RECP Partnership will meet its investment objectives or otherwise be able to successfully carry out its investment program. The Partnership returns are unpredictable, and accordingly, its investment program is not suitable as the sole investment vehicle for an investor. An investor should only invest in a Partnership as part of an overall investment strategy and only if the investor is able to withstand a total loss of its investment.

General Real Estate Risk: DLJ RECP's investments will be subject to the risks inherent in the ownership of real property. Real estate values are affected by a number of factors, including changes in the general economic climate, local conditions (such as an oversupply of space or a reduction in demand for space), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties, financial condition of tenants, buyers and sellers of properties, quality of maintenance, insurance and management services, and changes in operating costs. Real estate values are also affected by such factors as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing, potential liability under changing environmental and other laws, uninsured casualties, the exercise of the right of eminent domain by governmental entities, acts of God and other factors that are beyond the control of the General Partner and the Manager.

Real Estate Loans and Participations: Real estate loans or participation interests therein acquired by a Partnership may be nonperforming at the time of their acquisition and/or following their acquisition for a wide variety of reasons. Such nonperforming real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial writedown of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such real estate loan, replacement "takeout" financing will not be available. Purchases



of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control.

General Economic and Market Conditions: The real estate industry generally and the success of the Partnership's investment programs in particular will both be affected by general economic and market conditions, as well as by changes in applicable laws, trade barriers, currency exchange controls, and national and international political and socioeconomic circumstances in respect of the countries in which DLJ RECP may invest. These factors may affect the level and volatility of the prices and the liquidity of investments, which could impair profitability or result in losses. In addition, general fluctuations in the market prices of real estate and real estate assets and securities and interest rates may affect investment opportunities and the value of investments. The U.S., Western Europe and other parts of the world have recently experienced a prolonged and serious recession, the recovery from which may be slow. DJL RECP's financial condition may be adversely affected by a continuing significant general economic downturn and it may be subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on DLJ RECP's business and operations and thereby could impact the Partnerships. Moreover, a continuing sustained economic downturn in the United States or global economy (or any particular segment thereof) could adversely affect the Partnership's profitability and impair the ability to effectively deploy its capital or realize upon investments on favorable terms.

DLJ RECP could also be affected by difficult conditions in the capital markets and any overall weakening of the financial services industry. It is possible that a weakening of credit markets could adversely affect DLJ RECP's funding of which could adversely affect the business of the Partnerships, restrict investment activities and impede the ability to effectively achieve investment objectives. Any of the foregoing events could result in substantial or total losses to the Partnerships in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in the capital structure of an investment.

Troubled Assets: DLJ RECP may invest in, or may acquire assets that become, non-performing assets. By their nature, these investments will involve a high degree of risk. Properties operating in workout and/or restructuring modes or under the United States Bankruptcy Code are subject to additional potential liabilities, which may exceed the value of DLJ RECP's original investment.

Real Estate Development: DLJ RECP may invest in development projects and undeveloped land. By their nature, these investments will involve a high degree of risk. In addition to the risks inherent in the ownership of any real property, risks associated with development activities include risks relating to zoning, land use, environmental and other regulatory approvals, cost overruns, timely completion of construction (including the risks of strikes, shortages of materials, adverse weather conditions, uninsurable losses and other factors beyond the control of the General Partner and the Manager), and the availability of construction and permanent financing. These risks could result in unanticipated delays and expenses which could have a material adverse affect on a Partnership. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may

experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that may make such development less attractive than at the time it was commenced.

General Economic and Market Conditions: The real estate industry generally and the success of the Partnership investment programs in particular will both be affected by general economic and market conditions, as well as by changes in applicable laws, trade barriers, currency exchange controls, and national and international political and socioeconomic circumstances in respect of the countries in which a Partnership may invest. These factors may affect the level and volatility of the prices and the liquidity of Partnership investments, which could impair the Partnership profitability or result in losses. In addition, general fluctuations in the market prices of real estate and real estate assets and securities and interest rates may affect a Partnership's investment opportunities and the value of a Partnership's investments. The U.S., Western Europe and other parts of the world have recently experienced a prolonged and serious recession, the recovery from which may be slow. A Partnership's financial condition may be adversely affected by a continuing significant general economic downturn and it may be subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on DLJ RECP's business and operations and thereby could impact a Partnership. Moreover, a continuing sustained economic downturn in the United States or global economy (or any particular segment thereof) could adversely affect a Partnership's profitability and impair a Partnership's ability to effectively deploy its capital or realize upon investments on favorable terms.

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Potential Environmental Liability: A Partnership may be exposed to substantial risk of loss from environmental claims arising from investments involving undisclosed or unknown environmental, health or occupational safety matters. Under various federal, state and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such enactments often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefor as to any property is generally not limited under such enactments and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell the real estate or to borrow using such property as collateral. Environmental claims with respect to a specific investment may exceed the value of such investment, and under certain circumstances, subject the other assets of a Partnership to such liabilities. In addition, even in cases where a

Partnership is indemnified by the seller with respect to an investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of a Partnership to achieve enforcement of such indemnities.

Uninsured Losses: DLJ RECP Partnerships generally will maintain insurance on properties it owns of a type and in an amount that DLJ RECP considers appropriate for the type and location of the property. However, certain losses, such as wars, earthquakes, terrorist attacks or similar events, may not be insurable or may be insurable only at rates that DLJ RECP considers to be prohibitive. In general, losses related to terrorism are becoming harder and more expensive to insure against. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a property. As a result, all investments might not be insured against certain losses. If a major uninsured loss occurs, a Partnership could lose both invested capital in and anticipated profits from the affected investments.

Dependence on Key Personnel: DLJ RECP will be relying extensively on the experience, relationships and expertise of its investment professionals to successfully manage the respective Partnerships investment program. There can be no assurance that these individuals will remain in the employ of DLJ RECP, or otherwise continue to be able to carry on their current duties throughout the term of a Partnership. Certain of the investment professionals associated with the investment programs of historical Partnerships are no longer employed by the DLJ RECP.

Risks Associated with Unspecified Transactions: Investors will be relying on the ability of DLJ RECP with respect to the investments to be made. Because such investments may occur over a substantial period of time, the Partnerships face the risks of adverse changes in the real estate markets, in long-term interest rates and in currency rates of exchange. Even if the investments of a Partnership are successful, they are unlikely to produce a realized return to the investors for a period of several years. No assurance can be given that a Partnership will be successful in obtaining suitable investments or that, if such investments are made, the objectives of a Partnership will be achieved.

Competitive Market for Investment Opportunities: The activities of identifying, completing and realizing suitable investments are highly competitive. DLJ RECP will be competing for investments against other real estate investors, including other funds, publicly-traded REITs, financial institutions and other institutional investors. Other investors may make competing offers for investment opportunities that are identified, and consummating a transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of DLJ RECP. DLJ RECP may be unable to identify, complete and exit a sufficient number of attractive investment opportunities for a Partnership to meet its investment and rate of return objectives.

Lack of Liquidity of Investments: The investments to be made by a Partnership are likely to be illiquid. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual or other restrictions on their resale by a Partnership. Dispositions of

investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. The possibility of partial or total loss of capital will exist and investors should not subscribe unless they can readily bear the consequences of such loss.

Possible Lack of Diversification: While diversification may be an objective of a respective Partnership, there is no assurance as to the degree of diversification that will actually be achieved in a Partnership's investments either by geographic region or asset type. When a Partnership makes an investment with the intention of refinancing or selling a portion of the investment, there is a risk that a Partnership will be unable to successfully complete such a refinancing or sale. This could result in a Partnership committing a larger percentage of its capital to the investment than desired.

Third Party Involvement: A Partnership may co-invest with third parties through partnerships, joint ventures or other entities. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a co-venturer or partner of a Partnership may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of a Partnership, or may be in a position to take (or block) action contrary to a Partnership's investment objectives. In addition, a Partnership may in certain circumstances be liable for actions of its co-ventures or partners.

No Market for Interests in a Partnership: Interests in Partnerships will not be registered under the Securities Act or any other securities law and will not ordinarily be transferable. Interests may not be transferred, pledged or otherwise encumbered without the prior written consent of the General Partner and the prior written consent of the lenders under the Fund's credit facility. There is no market for interests in a Partnership and none is expected to develop. Limited Partners may not withdraw contributions or other amounts from a Partnership. Therefore, each prospective investor must consider its investment in a Partnership to be a long-term, illiquid investment.

Leverage: A Partnership typically expects to leverage its investments with debt financing. Although the use of leverage may enhance returns and increase the number of investments that can be made, it also substantially increases the risk of loss. In addition, borrowings by a Partnership may be secured by the Limited Partners' capital commitments, as well as by the Partnership's other assets.

Contingent Liabilities upon Disposition of Investments: In connection with the disposition of an investment, a Partnership may be required to make representations about such investment. A Partnership also may be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Partners. Partners may be required to return amounts distributed to them to fund partnership obligations, including indemnity obligations, subject to certain limitations set forth in the Limited Partnership Agreement of a Partnership.

**Risks Associated with Non-U.S. Investments:** The Partnerships may make investments outside the U.S. Such investments involve risks and special considerations not typically associated with U.S. investments, including political risks, economic risks, legal risks, foreign currency and exchange risks, accounting and tax risk, restrictions on repatriation of capital and profits and different tax requirements.

The risk of loss described herein should not be considered to be an exhaustive list of all the risks which investors should consider. Investors in the Partnerships should refer to the applicable Offering Documents for additional information on risk factors and risk of loss.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of DLJ RECP or the integrity of DLJ RECP's management. DLJ RECP has no information applicable to this Item.

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

Affiliated entities of DLJ RECP serve as the general partners of each of the Partnerships in which one or more investors may invest. Moreover, DLJ RECP is affiliated and under common control with DLJ Real Estate Management, LLC, DLJ RECP Management L.P., DLJ Real Estate Capital Partners (HK), Limited, DLJ RECP Beacon Hill, LLC, DLJ RECP John Street, LLC, DLJ RECP Monroe, LLC, and DLJ RECP PG Managers, LLC (collectively, (the “DLJ RECP Relying Advisers”). DLJ RECP and the DLJ RECP Relying Advisers conduct a single advisory business and share a unified compliance program, share compliance personnel and will be subject to the same compliance policies and procedures and Code of Ethics requirements. DLJ RECP and the Relying Advisers together maintain and file a single Form ADV in reliance on the position expressed in the American Bar Association interpretative letter dated January 18, 2012. An affiliate of Credit Suisse (USA), Inc. (together with its subsidiaries, “CS”) holds a minority, non-controlling equity interest in DLJ RECP. Although the Partnerships are under no obligation to retain CS or any of its affiliates, the Partnerships may elect to retain either CS or one of its affiliates to provide certain financial, advisory or related services. Such arrangements will be negotiated on an arm's length basis and subject to the provisions set forth in the applicable Partnership Agreement.

Employees of DLJ RECP and its affiliates may serve as officers, advisors, directors or in comparable management functions for portfolio companies in which the DLJ RECP Funds invest, or provide other services to portfolio companies, and any compensation received was remitted back to the respective DLJ RECAP Funds that held the investment. Employees of DLJ RECP may also from time to time serve on the board of directors or a creditors committee of a portfolio company, or be given access to confidential information relating to companies in which the DLJ RECP Funds invest. As a

result, the DLJ RECP Funds may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or securities of such a portfolio company, which prohibition may have an adverse effect on the DLJ RECP Funds.

When permitted under the applicable investment management agreement or governing documents, DLJ RECP or its related persons engages an affiliate to perform certain asset management services for clients. In accordance with client documentation, DLJ RECP is generally required to hire affiliates based upon fair and reasonable terms no less favorable than would be obtained in an arm's length commercially reasonable transaction.

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

DLJ RECP has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, 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. All supervised persons at DLJ RECP must acknowledge the terms of the Code of Ethics annually, or as amended. It is the expressed policy of DLJ RECP that no person employed by DLJ RECP shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, DLJ RECP requires that anyone associated with its advisory practices with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer ("CCO"). DLJ RECP requires such "access persons" to also receive approval from the CCO prior to investing in any initial public offerings or private placements. In addition, in an effort to prevent inappropriate securities transactions by DLJ RECP's personnel, the CCO will maintain and make available a list of restricted securities. Access persons are strictly prohibited from trading on their own behalf in restricted securities without obtaining the prior written approval of the CCO.

DLJ RECP requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. Any individual not in observance of the above may be subject to discipline or termination.

DLJ RECP will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Conflicts of interest may arise due to the activities of DLJ RECP and its personnel. These potential conflicts include, but are not limited to, the following: (i) personnel of DLJ RECP may serve as directors of certain companies in which DLJ RECP's clients have an interest, and, in that capacity, will be required to make decisions that consider the best interests of the portfolio company rather

the individual interests of the DLJ RECP's clients; and (ii) personnel of the DLJ RECP may serve in various other capacities and will devote such time to each of the DLJ RECP's clients as the DLJ RECP, in its sole discretion, deems necessary to carry out the operations of each client effectively.

#### Principal Transactions

DLJ RECP may engage in principal transactions with clients which it advises. Any principal trade will be effected pursuant to the Advisers Act, as amended, and consistent with the approval procedures provided in the Partnership Agreements for each Partnership advised by DLJ RECP and Advisory Board approval.

#### Agency Cross Transactions

Based on historical and current minority shareholder interest, DLJ RECP may enter into what may be considered an agency cross transactions in which an affiliate of DLJ RECP acts as broker for the DLJ RECP's clients and as a broker to the party on the other side of the transaction. The investors in the Partnerships managed by DLJ RECP, by executing the applicable Partnership Agreement, consent to such arrangements, subject to certain conditions set forth in the Partnership Agreement and Advisory Board approval.

## **Item 12 – Brokerage Practices**

In most circumstances, due to making direct real estate investments, DLJ RECP does not utilize broker-dealers to effect portfolio investments. However, in circumstances where DLJ RECP does need to utilize a broker-dealer, subject to the investment objectives, policies and restrictions of each Partnership, as set forth in such Partnership's Governing Documents, DLJ RECP will generally have discretionary authority to select the broker or dealer to be used to execute transactions on behalf of the Partnership and negotiate the commission cost to be paid.

In determining the brokers through whom, and commission rates and other transaction costs at which, securities transactions for the Partnerships are to be executed, DLJ RECP seeks to negotiate a combination of the most favorable commission and the best price obtainable on each transaction. Consequently, brokers are selected primarily on the basis of the nature of the transaction, the size of the transaction, the execution capability and trading expertise consistent with the effective execution of the transaction. In selecting brokers, DLJ RECP's primary consideration will be to obtain the most favorable net result for the Partnership under the circumstances, which may not involve the lowest possible commission cost. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers.

DLJ RECP does not engage in any formal soft dollar arrangements with respect to securities transactions for the Partnerships. Any research services and/or other products or services that are provided to DLJ RECP by brokers or dealers may be used for the benefit of all clients of DLJ

RECP and do not necessarily benefit solely the Partnership from which the commissions were generated. DLJ RECP has no commitment or arrangement to provide any specific level of commissions or transactions with respect to any proprietary research received. The receipt of research and/or other products or services is not directly connected to the recommendation of brokerage services to the DLJ RECP Partnerships, but does create a potential conflict of interest of which investors should be aware in assessing DLJ RECP's choice of broker-dealers.

## **Item 13 – Review of Accounts**

### **Reviews:**

The investments made by DLJ RECP's Partnerships are generally long-term in nature. Accordingly, the review process is not directed toward a short term decision to purchase or sell securities. However, DLJ RECP monitors companies in which its Partnerships invest and generally maintains an ongoing evaluation of such companies (including, in many cases, representation on the boards of directors). DLJ RECP's senior officers will conduct all reviews.

### **Reports:**

DLJ RECP generally provides quarterly unaudited reports and annual audited reports to the limited partners/members of the Partnerships. After the close of each taxable year, the limited partners/members will be furnished with tax information for the preparation of their respective income tax returns. Investors are requested to refer to the Governing Documents of each Partnership for further information on the reports provided by a particular Partnership to its investors.

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

DLJ RECP and related entities of DLJ RECP enters into cash compensation arrangements with unaffiliated placement agents or other third parties for introducing investors to a DLJ RECP Partnership. Any sales charge associated therewith will ultimately be payable by DLJ RECP and/or its related entities, either directly or through an offset of the advisory fee payable by the relevant DLJ RECP Partnership to DLJ RECP.

## **Item 15 – Custody**

DLJ RECP will not have physical custody of any securities (other than certain privately offered securities to the extent permitted by the Advisers Act). Nevertheless, DLJ RECP will generally be deemed to have custody of the assets of the Partnerships as a result of its position as an affiliate of the general partner of each Partnership.



It is DLJ RECP's policy to cause each Partnership with assets over which DLJ RECP is deemed to have "custody" to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such Partnership, DLJ RECP will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Partnership to all investors promptly after completion of the audit.

## **Item 16 – Investment Discretion**

Subject to the investment objectives, policies and restrictions of each Partnership, DLJ RECP has sole discretion to determine, without consent of the Limited Partners of the Partnerships that it manages, which securities will be bought or sold (and in what amount) by such Partnerships. The partnership agreements may, however, place certain restrictions on the type and amount of securities which DLJ RECP can buy on behalf of the Partnership.

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

As a registered investment adviser, DLJ RECP is further required to describe its proxy voting policies and procedures and, upon the request of any client, to provide such person with (i) the actual policies and procedures and (ii) information about votes cast on behalf of any Partnership managed by DLJ RECP in which such person has made an investment. These policies and procedures: (i) address DLJ RECP's overall policy to vote client proxies in the best interest of the investors in the Partnerships managed by DLJ RECP and in a manner that maximizes the value of investments made by a Partnership; (ii) identify the persons responsible for monitoring corporate actions, determining whether and how to vote proxies and submitting proxies and (iii) describe DLJ RECP's approach to addressing material conflicts of interest that may arise in connection with the consideration of a proxy. In general, proxies will be voted in consultation with the investment professionals that are responsible for the relevant portfolio investment. The investment professionals will vote proxies in a manner they believe to be consistent with the best interest of such clients and their investors. The investment professionals monitor potential conflicts by consulting with counsel and taking appropriate measures to mitigate any such conflicts. Records of proxy materials and votes are maintained in the DLJ RECP's offices. Investors in the Partnerships managed by the DLJ RECP can obtain a copy of the proxy voting policies and procedures or information on how the DLJ RECP voted proxies for any Partnership in which an investor has an investment by contacting the Chief Compliance Officer, DLJ RECP at 1123 Broadway, 2nd Floor, New York, New York 10010.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about DLJ RECP's financial condition. DLJ RECP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.