

**PART 2A OF FORM ADV: FIRM BROCHURE**

**MP RIA, LLC  
4643 SOUTH ULSTER STREET, SUITE 1500  
DENVER, CO 80237  
PHONE: 303-773-0369  
FAX: 303-694-0082  
[www.millerglobal.com](http://www.millerglobal.com)**

**March 25, 2013**

**This Brochure provides information about the qualifications and business practices of MP RIA, LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact Terry Hillegas at 303-224-7124 or by e-mail at [terry.hillegas@millerglobal.com](mailto:terry.hillegas@millerglobal.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, and references in this Brochure to the Adviser as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

**Additional information about the Adviser is also 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 to report since the last update to the Adviser's Brochure, dated March 30, 2012.

### ITEM 3 – TABLE OF CONTENTS

	<u>Page</u>
ITEM 2 – MATERIAL CHANGES .....	1
ITEM 3 - TABLE OF CONTENTS.....	2
ITEM 4 – ADVISORY BUSINESS .....	3
ITEM 5 – FEES AND COMPENSATION .....	4
ITEM 6 –PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	6
ITEM 7 – TYPES OF CLIENTS.....	7
ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .	8
ITEM 9 – DISCIPLINARY INFORMATION .....	12
ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS .....	13
ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	14
ITEM 12 – BROKERAGE PRACTICES .....	16
ITEM 13 – REVIEW OF ACCOUNTS.....	17
ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION.....	18
ITEM 15 – CUSTODY .....	19
ITEM 16 – INVESTMENT DISCRETION .....	20
ITEM 17 – VOTING CLIENT SECURITIES.....	21
ITEM 18 – FINANCIAL INFORMATION .....	22

## **ITEM 4 – ADVISORY BUSINESS**

MP RIA, LLC, a Delaware limited liability company (the “Adviser”), formed in 2011, provides discretionary investment advisory services to pooled investment vehicles organized as private real estate funds (the “Funds”). The Funds are:

- Miller Global Fund IV, LLC, a Colorado limited liability company (“Fund IV”);
- Miller Global Fund V, LLC, a Colorado limited liability company (“Fund V”);
- Miller Global Fund VI, LLC, a Delaware limited liability company (“Fund VI”); and
- Miller Global Fund VII, LLC, a Delaware limited liability company (“Fund VII”).

The Funds are private real estate funds organized principally to acquire and develop a portfolio of real estate assets. Each of Fund IV, Fund V and Fund VI (collectively, the “Closed Funds”) has held initial and, in some cases, subsequent closings. The Closed Funds are in their respective investment periods, during which investment opportunities are identified, acted upon and exited. Fund VII held its initial closing in June 2012 and expects to have additional closings in 2013. All of the Funds have limited terms, at the conclusion of which final distributions will be paid to investors (each, an “Investor”).

MP RIA, LLC is principally owned by Myron M. Miller and James H. Miller. Since 2001, affiliates of the Adviser served as the investment adviser to the Closed Funds. The Adviser was engaged to act as investment adviser to the Closed Funds as of March 30, 2012.

The Adviser is the investment adviser to the Funds, each a private real estate fund that invests in real estate assets, comprised primarily of office buildings and hotels, as well as other real estate assets, located throughout the United States (each, an “Investment”). The Adviser will advise the Funds as to their investment strategy which typically includes: (i) acquiring high quality real estate assets, comprised primarily of office buildings and hotels (as well as other real estate assets), that create value through generation of cash flow and capital appreciation; (ii) acquiring assets to which the Adviser believes it can add value by taking measured risks in the areas of market recovery, leasing, management, development, renovation, re-capitalization and other market-driven strategies; (iii) focusing on markets that have significant job growth and/or potential for faster or stronger market recovery than the nation as a whole; and (iv) focusing on Investments that can be pursued on an exclusive or semi-exclusive basis while maintaining a disciplined investment underwriting process.

Each Fund’s investment objective and/or parameters are set forth in the Fund’s applicable governing documents (the “Fund Documents”) provided to each Investor.

The Adviser does not tailor its advisory services to the individual needs of Investors, and Investors may not impose restrictions on investing in certain securities or types of investments. As applicable, the Fund Documents set forth the Funds’ investment strategy, including guidelines regarding the types of securities the Fund will invest in and portfolio limits (if any).

Although the Adviser does not currently anticipate it will do so, it may from time to time recommend that Fund VII enter into letter agreements or other similar agreements with one or more Investors that provide such Investors with terms additional to or different from those set forth in the Fund Documents.

As of December 31, 2012, the Adviser manages \$1,082,948,701 of Fund assets, all on a discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

### Asset Management Fee:

An affiliate of the Adviser receives a monthly asset management fee in an amount equal to 1.5% per annum (the “Management Fee”). The Management Fee is based on a percentage of total capital commitments or funded capital contributions, as applicable. The Management Fee is generally paid by each Fund to an affiliate of the Adviser monthly in arrears.

### Performance-Based Fee payable upon Distribution/Realization of Proceeds:

Subject to a clawback, an affiliate of the Adviser is eligible to receive a percentage of profits on any distributions made by the Funds. All available Fund cash, net of all current Fund obligations, expenses and applicable reserves, as determined by an affiliate of the Adviser, will be distributed to the Investors, at least quarterly, in the following priority:

1. 100% to all Investors, taking into account all capital contributions made by the Investors and all distributions received by the Investors, until they have received preferred return of 9-10% (depending on the Fund), compounded annually, on their unreturned capital contributions;
2. 100% to all Investors, until they have received a return of their capital contributions attributable to the Investment(s) that generated such distributable cash;
3. 100% to all Investors, until they have received (i) a return of their capital contributions from all Investments that have been disposed of (to the extent such capital contributions have not been previously returned pursuant to (2) above), and (ii) a shortfall amount, if any (as further described in the Fund Documents);
4. 80% to all Investors, and 20% to affiliates of the Adviser until the Investors (other than the affiliates of the Adviser) have received a 15-17% IRR (depending on the Fund) on all Investments that have been disposed of;
5. 70% to all Investors, and 30% to affiliates of the Adviser.

### Development Fee:

In addition, a development fee equal to 3% of the total budgeted development or construction costs (but not including any development fee) for new construction and refurbishment or expansion other than refurbishment or expansion that constitutes tenant improvements is generally paid by the Funds to an affiliate of the Adviser (the “Development Fee”). The Development Fee is generally paid by each Fund to an affiliate of the Adviser in equal monthly installments over the anticipated duration of the applicable development, refurbishment or expansion period for the respective project.

It should be noted that fees are not negotiable, and Investors may not choose to be billed directly. Investors may not withdraw from the Funds, and may not sell or transfer any of their interest in the Funds without the prior written consent of the Manager. As such, the ability to refund a fee is not relevant to clients and Investors.

### Other Expenses:

Each Fund will pay all costs, expenses and liabilities in connection with its operations, such as: fees, costs and expenses related to the purchase, holding and sale of Investments (to the extent not reimbursed); principal, interest and fees associated with any financing; taxes; fees and expenses of professional

advisers, including both in-house and external accountants and legal counsel; costs and expenses of annual meetings; the management fee; development fees (for budgeted development or construction costs); a percentage of Fund formation expenses (up to certain dollar limits, as applicable); costs and fees related to the registration of the Adviser as a registered investment adviser (with respect to Fund VII); costs of admitting Investors (but not including any fees paid to procure Investors) as well as certain expenses incurred in connection with the registration, qualification or exemption of the Funds under the laws of each applicable jurisdiction (as applicable); and litigation and other extraordinary expenses. The Funds also will bear third-party expenses incurred in connection with transactions that are not consummated.

The Adviser (or its affiliate) will typically bear (i) all costs of forming the Funds (in excess of certain dollar limits, as applicable), including pre-formation legal, accounting, advisory and travel costs, costs of admitting Investors not permitted as Fund expenses (including any fees paid to procure Investors), (ii) compensation (if any) of officers, members and employees of the Adviser (or its affiliates,) and related overhead expenses (including rent and utilities); and (iii) any expenses associated with a placement agent or finder engaged to facilitate the sale of the Fund interests in accordance with applicable securities laws in connection with formation of the Funds.

**IT IS CRITICAL THAT INVESTORS REFER TO THE RELEVANT OFFERING AND FUND GOVERNING DOCUMENTS FOR A COMPLETE UNDERSTANDING OF APPLICABLE FEES AND EXPENSES. THE INFORMATION CONTAINED HEREIN IS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY SUCH DOCUMENTS.**

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Subject to a clawback, an affiliate of the Adviser is eligible to receive performance-based compensation from Investors upon the distribution of investment proceeds as described in Item 5 above.

It should be noted that the possibility of an affiliate of the Adviser's receipt of performance-based compensation creates a potential conflict of interest in that it may create an incentive to make investments that are riskier or more speculative than in the absence of such performance-based fee. Investors are provided with clear disclosure in applicable Fund Documents as to how the performance-based compensation is charged.

## **ITEM 7 – TYPES OF CLIENTS**

The Adviser provides investment advisory services to pooled investment vehicles operating as private real estate funds.

The Funds will offer interests only to certain qualified investors who meet qualification requirements under applicable securities laws and other laws. Admission to the Funds is not open to the general public.

The minimum capital commitment of an Investor in each Fund is \$10,000,000, although lesser commitment amounts may be accepted in the discretion of the Adviser (or its affiliate).



## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

### **METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

As described in Item 4.B, above, the Adviser provides advisory services to private real estate funds that invest in select quality real estate assets, primarily office buildings and hotels (as well as other real estate assets) that are intended to create value for Investors through cash flow and capital appreciation.

#### **Investment Strategy**

In choosing Investments for the Funds, the Adviser selects Investments generally located in primary markets throughout the United States to create a diverse geographic portfolio with product segmentation and market timing of entry. The Investments are assets to which the Adviser believes it can add value by taking measured risks in the areas of market recovery, leasing up vacancy, re-leasing, roll over management, repositioning, new development, re-development, renovation, hands-on intensive asset management, re-branding, re-capitalization and other market-driven strategies specifically targeted at geographic regions, industries or other situations that may present significant barriers to entry or other unique challenges. In addition, the Adviser expects to combine assets with existing cash flow and lower expected returns with development or complex-type assets that present the potential for higher expected returns.

In locating assets, the Adviser focuses primarily on Investments that can be pursued on an exclusive or semi-exclusive basis in markets that the Adviser believes have prospects for significant job growth or the potential for a quicker or stronger rebound than the nation as a whole. In selecting and pricing Investments, the Adviser maintains a disciplined investment underwriting process and approach, while recognizing market nuances, anticipating changes in business cycles and adjusting focus accordingly.

The Adviser employs additional strategies, including (i) expanding current joint venture relationships and pursuing other transactions with partners to leverage the Funds' acquisition platforms; (ii) focusing on potential opportunities to re-capitalize over-leveraged assets whose investment characteristics otherwise meet the Funds' investment criteria; (iii) taking advantage of capital imbalances in the market for strategic purposes and sales; (vi) using reasonable leverage to enhance return on equity; and (v) maintaining flexibility and creativity in approach and strategy.

#### **Investment Process**

In selecting Investments for the Funds, the Adviser sources deals using the expertise of members on its investment committee. The Adviser focuses primarily on investment opportunities that can be pursued "off market" through relationships with owners, joint venture partners, brokers, management companies, hotel brands, lenders, legal counsel and other industry contacts.

Investments are underwritten using disciplined criteria and a comprehensively structured financial model. Each variable in the office building model will be stressed, including acquisition price/development cost, market lease terms, rollover assumptions, as well as interest rates, financing levels and capital improvement requirements. Each variable in the hotel model will be stressed, including acquisition price/development cost, rate and occupancy, guest demographic, fixed and variable expense, seasonality, as well as interest rates, financing levels and capital improvement requirements. Through these modeling techniques, appropriate levels of risk tolerance will be determined, and both upside and downside scenarios will be evaluated.

In addition, certain members of the investment committee will make extensive site visits to each targeted asset and employ experienced consultants to help evaluate the condition and needs of the asset. Each geographic market and sub-market of a targeted asset will be assessed for competitive environment,

employment base and economic strengths and weaknesses. The principals will forge and use relationships with local real estate brokers and property management companies to supplement their underwriting.

Financing for each Investment is determined on a case-by-case basis, subject to current market terms, projected time for asset stabilization, cash flow and the respective Fund's support of contingent liabilities. Typically, financing of an Investment will be closed simultaneously with its acquisition.

To complete each Investment, the acquisition team prepares an investment analysis and submits it to the investment committee of the Adviser. The investment committee will review the investment analysis; select members will visit the targeted asset and meet to discuss the Investment, the financing, the composition of assets of the Funds as a whole, and will vote on whether to move forward in acquiring or developing such asset.

## **MATERIAL RISKS**

### **Risks Associated With Construction**

The Adviser may recommend to the Funds opportunities to develop, construct and renovate properties. The development, construction and renovation of real estate assets is subject to timing, budgeting and other risks that may adversely affect the Funds' operating results. The Funds may abandon development activities after expending resources to determine their feasibility; market shifts during the development period may result in occupancy rates, and rents at a newly-completed property that may not be sufficient to make the property profitable; financing may not be available on favorable terms for development of a property; and the construction and lease up of a property may not be completed on schedule (resulting in increased debt service and construction costs). Development activities are also subject to risks relating to an inability to obtain, or delays in obtaining, necessary zoning, land-use, building occupancy and other required governmental permits and authorizations. Acts of God, such as earthquakes, hurricanes, floods or fires, could adversely impact an Investment, as could the ability to obtain financing or obtain a joint venture partner, and governmental restrictions on the nature or size of an Investment. If any of the above occurs, the ability of the Funds to make distributions to its Investors could be adversely affected. In addition, development activities, regardless of whether they are ultimately successful, may require a substantial portion of management's time and attention.

### **Control Over Projects**

The Funds may co-invest with third parties, including the owners of the properties it acquires or their affiliates, through partnerships, joint ventures or other entities. Although the Funds will generally have the right to approve major capital and management decisions in any partnership or joint venture in which it participates, such Investments may involve risks not present in Investments where a third party is not involved, including the possibility that a third-party partner or co-venturer may have financial difficulties, resulting in a negative impact on such portfolio Investment, may have economic or business interests or goals which are inconsistent with the Funds', or may be in a position to take action contrary to the Funds' investment objectives. In addition, the Funds may, in certain circumstances, be liable for actions of third-party partners or co-venturers. A partner or co-venturer may be able to block a sale of the Fund's interest in any such joint venture or partnership.

### **Leverage**

The acquisition, re-habilitation, renovation and development of the Funds' Investments may be financed in substantial part by borrowing, which will increase the Funds' exposure to loss. The use of leverage involves a high degree of financial risk and may increase the exposure of the Funds or its Investments to factors such as rising interest rates, downturns in the economy or deterioration in the condition of the

collateral underlying such Investments. The use of leverage will increase the amount of funds available to the Funds for investment, but will also increase the risk of loss. Market fluctuations may significantly decrease the availability, and increase the cost, of leverage.

Many commercial loans in the present market require variable (as opposed to fixed) interest rates, and variable interest rate loans will often be preferred by the Adviser. In a variable rate loan, the debt service can increase substantially if interest rates rise. The Adviser has no control over interest rates, and there can be no assurance that a substantial rise in interest rates will not occur. A rise in interest rates may adversely affect the market value of an Investment and the ability of prospective purchasers to finance any acquisition of the Funds' assets. Commercial loans may in certain cases require the purchase of interest rate protection products. The Adviser can provide no assurance that lenders with which it has historically had relationships will provide financing for the Funds' Investments at all, or at rates and terms comparable to those which the Adviser or its affiliates has obtained previously.

Under certain loans, principal and interest payments on indebtedness will have to be made regardless of the sufficiency of cash flow from the Funds' assets. Mortgages requiring "balloon" payments may involve greater risks than mortgages where the principal amount is fully amortized over the term of the loan since the ability to repay the outstanding principal amount of a "balloon" loan may be dependent upon the ability to obtain adequate replacement financing, which will, in turn, be dependent upon interest rates and lenders' policies at the time of refinancing, economic conditions in general and the value of the underlying assets in particular. There is no assurance that replacement financing will be available to make "balloon" payments or that any replacement financing available will be on favorable terms. Lenders or other holders of senior positions would be entitled to a preferred cash flow prior to the Funds receiving a return.

#### Real Estate Ownership

The Funds' Investments will be subject to the risks generally incident to the ownership of real property and loans, including: uncertainty of cash flow to meet fixed and other obligations; uncertainty in capital markets relating to procurements of both equity and debt; adverse changes in local market conditions, population trends, neighborhood values, community conditions, general economic conditions, local employment conditions, interest rates, and real estate tax rates; changes in fiscal policies; changes in applicable laws and regulations (including tax laws); uninsured losses; delays in foreclosure; borrower bankruptcy and related legal expenses; and other risks that are either unforeseeable or beyond the control of the Adviser. There can be no assurance of profitable operations of the Funds because the cost of owning real property assets may exceed the income produced, particularly since certain expenses related to real estate and its ownership, such as property taxes, utility costs, maintenance costs and insurance, tend to increase over time and are largely beyond the control of the owner. Moreover, although insurance is expected to be obtained by the Funds to cover most casualty losses and general liability arising from the Investments, no insurance will be available to cover cash deficits from ongoing operations.

#### Investment in Office Properties

The Funds intend to make a number of Investments in office properties. Investment in these types of properties involves certain special risks, including tenant improvement, concession costs and variability in occupancy rates. Furthermore, when a tenant in an office building property defaults on its lease, vacancy costs (including re-tenanting costs) can be considerable. In the past, when overall economic performance has deteriorated, commercial vacancy rates have increased. These costs, particularly increasing vacancy costs brought about by a declining economy, can have a material and negative impact on the financial performance of office properties.

### Investments in Hotel Properties

The Funds intend to make a number of Investments in hotel properties. Investment in these types of properties involves certain special risks, including adverse effects of weak national, regional and local economic conditions; tightening credit standards; competition for guests and meetings from other hotels, including competition and pricing pressure from internet wholesalers and distributors; increases in operating costs, including wages, benefits, insurance, property taxes and energy; labor strikes, disruptions or lockouts that may impact operating performance; dependence on demand from business and leisure travelers, which may fluctuate and be seasonal; increases in energy costs, airline fares and other expenses related to travel; terrorism, terrorism alerts and warnings; and pandemics or other medical events that may cause decreases in business and leisure travel. These factors can have a material and negative impact on the financial performance of hotel properties.

### Real Estate Loans

In limited cases, the Funds may invest in debt obligations secured by real property where the ultimate business objective is to acquire the underlying real property or a controlling interest therein. 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 process. In some jurisdictions, foreclosure actions can take several years or more to conclude, and borrowers may file for bankruptcy protection at any time, staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the underlying collateral and may disrupt ongoing leasing and management of the underlying collateral. Moreover, borrowers may claim that the lender interfered with the borrower's business, acted in bad faith in exercising its rights with respect to a borrower's property or otherwise acted in a manner giving rise to a claim for lender liability. As a lender, the Funds may also be required to obtain licenses in certain jurisdictions and may be subject to penalties in the event that such lending activities violate certain regulations or laws.

**IT IS CRITICAL THAT INVESTORS REFER TO THE APPLICABLE FUND DOCUMENTS FOR A COMPLETE UNDERSTANDING OF THE MATERIAL RISKS INVOLVED IN AN INVESTMENT IN THE FUNDS, INCLUDING THE RISK OF FINANCIAL LOSS. THE INFORMATION CONTAINED HEREIN IS A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY SUCH DOCUMENT.**

## **ITEM 9 –DISCIPLINARY INFORMATION**

Not applicable to the Adviser.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither the Adviser nor its management persons are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer.

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

The Adviser serves as investment adviser to the Funds. Affiliates of the Adviser also invest directly in the Funds and employees of the Adviser or its affiliates also invest indirectly in the Funds (through an affiliate).

Vector Property Services, an affiliate of the Adviser, provides certain property management and leasing services to the Funds' office Investments. In addition, World Village Management and High Velocity Hospitality, affiliates of the Adviser, provide certain hotel management services to certain of the Funds' hotel investments. The Adviser manages the potential conflicts associated with directing business and compensation to an affiliate, by providing Investors with disclosure of these arrangements in the Fund Documents (as applicable). In addition, the Adviser and its Access Persons (as defined in item 11.A. below) acknowledge that they have read and understand the Adviser's Code of Ethics, which requires the Adviser and its Access Persons to place the interests of the Funds and Investors above their own interests and the interests of the Adviser and its affiliates.

## **ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Adviser's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to the Adviser's "Access Persons." Access Persons include, generally, any partner, officer or director of the Adviser and any employee or other supervised person of the Adviser (or an affiliate) who, in relation to the Funds, (1) has access to non-public information regarding any purchase or sale of securities, or non-public information regarding securities holdings or (2) is involved in making securities recommendations, executing securities recommendations, or has access to such recommendations that are non-public. All employees of certain affiliates of the Adviser are deemed to be Access Persons.

The Code sets forth a standard of business conduct that takes into account the Adviser's status as a fiduciary and requires Access Persons to place the interests of the Funds and Investors above their own interests and the interests of the Adviser and its affiliates. The Code requires Access Persons to comply with applicable federal securities laws. Further, Access Persons are required to promptly bring violations of the Code to the attention of the Adviser's Chief Compliance Officer (the "Chief Compliance Officer"). All Access Persons are provided with a copy of the Code and are required to acknowledge receipt of the Code upon hire and on at least an annual basis thereafter.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Access Persons must provide the Adviser's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, the Adviser's Access Persons must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1.

In addition, the Code seeks to ensure the protection of non-public information about the activities of the Funds. Investors or prospective Investors may obtain a copy of the Code by contacting the Chief Compliance Officer at [Terry.Hillegas@millerglobal.com](mailto:Terry.Hillegas@millerglobal.com).

As explained in Item 10 above, the Adviser serves as investment adviser to the Funds. The Adviser, its affiliates and certain Access Persons recommend interests in the Funds to prospective Investors.

The Adviser, its affiliates and certain Access Persons invest indirectly in the Funds (through an affiliate).

The fact that the Adviser, its affiliates and Access Persons may each have a financial ownership interests in the Funds creates a potential conflict in that it could cause the Adviser and its affiliates to make different investment decisions than if such parties did not have such financial ownership interests. Such potential conflicts are addressed by the personal securities transaction pre-clearance and holding requirements described in this Item 11.

The Adviser addresses these potential conflicts through regular monitoring of the Funds' portfolio and Investments for consistency with the Funds' objectives, strategies, and target capacity. Further, the Adviser and its affiliates carefully consider the risks involved in any investments and provide extensive disclosure to clients regarding the potential risks that come with an investment in the Funds. The Code requires Access Persons to place the interests of the Funds and Investors over their own or those of the Adviser, its affiliates and all Access Persons are required to acknowledge their receipt and understanding of the Code.

Further, the Adviser (or its affiliate) receives management and performance-based compensation. The management fees are payable without regard to the overall success or income earned by the Funds and, therefore, may create an incentive on the part of the Adviser to raise or otherwise increase assets under management to a higher level than would be the case if the Adviser was receiving a lower or no management fee. Performance-based fees may create an incentive for the Manager to make Investments that are riskier or more speculative than in the absence of such performance-based fee.

The Adviser's investment program does not generally involve investments in publicly traded securities.

Access Persons are permitted to make securities transactions in their personal accounts. This presents potential conflicts in that an Access Person could make improper use of information regarding the Fund's holdings or future transactions or research paid for by the Funds. The Adviser manages the potential conflicts of interest inherent in an Access Person's personal trading by rigorous enforcement of its Code, which contains strict pre-clearance and reporting guidelines for Access Persons. The Adviser requires that Access Person's transactions in limited offerings and initial public offerings be pre-cleared with the Chief Compliance Officer.

The Adviser maintains a "Restricted List" with the names of issuers of securities about which the Adviser (or its Access Persons) has learned material, non-public information. Access Persons are strictly prohibited from trading securities on the Restricted List (or any other securities to which the material, non-public information relates).

In addition, the Adviser receives transaction and holdings reports in accordance with Advisers Act Rule 204A-1. The Chief Compliance Officer or his designee also reviews Access Persons' personal transaction and holdings reports to make sure each Access Person is conducting his or her personal securities transactions in a manner that is consistent with the Code.



## **ITEM 12 – BROKERAGE PRACTICES**

As described in Item 4, above, the Adviser is the investment adviser to private real estate funds that invest in real estate assets. Due to the nature of the Funds' investment programs, the Adviser and its affiliates do not select or recommend broker-dealers for Fund transactions.

The Adviser does not utilize "soft dollars."

The Adviser recognizes that, as a fiduciary, it has a duty to allocate investment opportunities among its private funds in a fair and equitable manner. It should be noted that, generally, the Adviser is restricted to raising and investing only one fund at a time. However, from time to time certain funds may have overlapping investment programs. Although highly unlikely due to the Adviser's investment program, if the Adviser determines that it would be appropriate for more than one fund to participate in an investment opportunity, the Adviser will seek to allocate the investment opportunity to all of the participating funds on a fair and equitable basis. Generally, investment opportunities will be allocated pro rata based upon each participating Fund's assets under management; provided, however, that the Adviser, in its sole discretion, may make allocations based upon other considerations.

## **ITEM 13 – REVIEW OF ACCOUNTS**

The Funds' portfolio and Investments are under continuous review by the Adviser's investment committee. Formal reviews occur by the investment committee on a monthly basis.

Generally, Investors will receive unaudited, reports at least quarterly. In addition, Investors will receive annual audited financial statements and the Adviser will hold annual meetings to provide Investors with the opportunity to review and discuss with the Adviser (and its affiliates) the Funds' investment activities and portfolio.

## **ITEM 14 – CLIENT REFERRALS AND COMPENSATION**

Neither the Adviser nor its affiliates currently use placement agents for client referrals (though such parties or their affiliates may use placement agents in the future). Although unlikely, to the extent the Adviser (or its affiliates) decide to engage the services of a solicitor in the future, such referral activities will be conducted in a manner that is consistent with Advisers Act Rule 206(4)-3 and relevant SEC guidance, including No-Action Letters.

## **ITEM 15 – CUSTODY**

The Adviser is deemed to have custody of the Funds' assets pursuant to Advisers Act Rule 206(4)-2. To ensure compliance with Rule 206(4)-2 under the Advisers Act, the Adviser provides audited financial statements to Investors within 120 days after the end of the relevant Funds' fiscal year (i.e., generally by April 30).

As the Adviser's investment program exclusively involves investments in real estate assets, the Adviser generally will be exempt from the requirement that securities be maintained with a "qualified custodian." The Adviser anticipates that the majority of its investments in real estate assets will involve securities that are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering; (ii) uncertificated to the extent ownership thereof is recorded only on the books of the issuer or its transfer agent in the name of the client; and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer.

To the extent that the Adviser's investments in real estate assets involve securities that are certificated, but also are (i) acquired from the issuer in a transaction or chain of transactions not involving any public offering and (ii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer, the Adviser will maintain such certificates with a qualified custodian.

## **ITEM 16 – INVESTMENT DISCRETION**

The Adviser has discretionary authority to manage securities accounts on behalf of the Funds. The Adviser is authorized to make transaction recommendations for the Funds. Investors do not have the ability to impose limitations on the discretionary authority of the Adviser. Further, Investors must execute a limited liability company agreement that contains a power of attorney.

## **ITEM 17 – VOTING CLIENT SECURITIES**

Based upon the Adviser's investment strategy and business as a private equity fund manager (and lack of involvement in publicly-traded equities) it does not vote proxies. If in the future it is contemplated that the Adviser may exercise voting authority with respect to any client securities, the Adviser will adopt proxy policies and procedures that are consistent with Rule 206(4)-6.

## **ITEM 18 – FINANCIAL INFORMATION**

Not applicable to the Adviser.