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**Part 2A of Form ADV: Firm Brochure**

**V3 Capital Management, L.P.**

**March 2015**

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**This brochure (this "Brochure") provides information about the qualifications and business practices of V3 Capital Management, L.P. ("V3CM"). If you have questions about the contents of this Brochure, please contact the Chief Compliance Officer ("CCO") Alissa Fox at (212) 421-7548 or [af@v3capmgmt.com](mailto:af@v3capmgmt.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration with the SEC does not imply a certain level of skill or training.**

**Additional information about V3CM is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2: Material Changes**

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This Brochure is V3CM's Form ADV Part 2A submitted with its annual updating amendment for registration with the SEC. This Brochure does not contain any material changes in the qualifications or business practices of V3CM when compared to its previous filing in March 2014.

If V3CM makes any material changes to this Brochure, this section will be revised to include a summary of such changes.

**Item 3: Table of Contents**

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**Item 4: Advisory Business**

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V3 Capital Management, L.P., a Delaware limited partnership ("**V3CM**") was founded by Charles P. Fitzgerald in 2011 and has its principal place of business in New York, NY. Charles Fitzgerald is a limited partner of V3CM and is the managing member of the general partner of V3CM and is the principal owner of V3CM and controls V3CM.

V3CM serves as investment manager to and provides investment management services to the following private pooled investment vehicles based upon specific investment objectives and strategies: (i) V3 Realty Partners, L.P., a Delaware limited partnership (the "**Domestic Fund**"), (ii) V3 Realty Partners (a), L.P., a Delaware limited partnership (the "**Domestic (a) Fund**"), (iii) V3 Realty Partners Offshore Fund, Ltd., a Cayman Islands exempted company, (the "**Offshore Fund**") and (iv) V3 Trading Vehicle, L.P., a Cayman Islands exempted limited partnership (the "**Trading Fund**"). The Offshore Fund invests substantially all of its assets in the Trading Fund. The Domestic Fund and the Trading Fund generally participate in investments on a side-by-side basis. Collectively, the Domestic Fund, the Domestic (a) Fund, the Offshore Fund, and the Trading Fund are herein referred to as the "**Funds**." V3 Capital Advisors, LLC, a Delaware limited liability company serves as general partner to the Domestic Fund and the Trading Fund (the "**General Partner**"). V3 Capital Advisors (a), LLC, a Delaware limited liability company serves as general partner to the Domestic (a) Fund (the "**(a) Fund General Partner**").

As used herein, the term "client" generally refers to each Fund.

This Brochure generally includes information about V3CM and its relationships with its clients and affiliates. While much of this Brochure applies to all such clients and affiliates, certain information included herein applies to specific clients or affiliates only.

*This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended, and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made. Investors in the Funds generally must be both "accredited investors", as defined in Regulation D, and "qualified purchasers", as defined in the Investment Company Act of 1940, as amended. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.*

Each Fund's primary objective is to preserve capital and to generate attractive total returns, principally by investing in publicly-traded real estate securities. Investments are made predominately in securities issued by real estate investment trusts ("**REITs**") as well as in other real estate companies and real estate-rich issuers which are not primarily engaged in real estate activities. The Funds do not invest in real estate

directly. Each Fund may invest in securities of real estate companies domiciled outside the United States (which may be, but are not required to be, structured as real estate operating companies ("**REOCs**") and REITs). Given the greater difficulty in obtaining an investment "edge" overseas, generally higher transaction costs, less liquid markets, and greater issues in borrowing stock for short sales, the expected rate of return for non-U.S. investments is generally higher than for U.S. investments.

*The descriptions set forth in this Brochure of specific advisory services that V3CM offers to clients as well as investment strategies pursued and investments made by V3CM on behalf of its clients should not be understood to limit in any way V3CM's investment activities. V3CM may offer any advisory services, engage in any investment strategy, and make any investment, including any not described in this Brochure, that V3CM considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies V3CM pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.*

V3CM's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents. V3CM does not tailor advisory services to the individual needs of clients.

As of December 31, 2014, V3CM managed approximately \$405,000,000 on a discretionary basis on behalf of the Funds. As of January 31, 2015, V3CM does not manage any assets on a non-discretionary basis.

**Item 5: Fees and Compensation**

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**Management Fee and Incentive Allocation**

The management fee and incentive allocation applicable to each Fund are set forth in detail in each Fund's offering documents.

The management fee will be prorated for any capital contribution or withdrawal/redemption by an investor in a Fund that is effective other than as of the first day of a calendar quarter. In the event of a withdrawal or redemption, as applicable, by an investor in a Fund other than as of the last day of a calendar quarter, V3CM will pay to the applicable Fund an amount equal to the *pro rata* portion of the management fee, based on the actual number of days remaining in such calendar quarter, and the applicable Fund will distribute such amount to the withdrawing/redeeming investor. In the sole discretion of V3CM, the management fee may be waived, reduced, or calculated differently with respect to certain investors in a Fund.

In the event that the applicable Fund is dissolved or an investor withdraws or redeems, as applicable, other than as of the end of a fiscal year, then for purposes of determining the incentive allocation allocable at such time to the General Partner, net capital appreciation will be determined as if such date was the end of the fiscal year, subject to certain adjustments. In the sole discretion of the General Partner, the incentive allocation may be waived, reduced or calculated differently with respect to certain investors in a Fund.

The incentive allocation in respect of the Offshore Fund is allocated at the Trading Fund level.

Management fees, incentive allocations and incentive fees that are paid or allocated by the Funds to V3CM (in the case of the management fees and incentive fees) and the General Partner (in the case of the incentive allocations) are generally deducted from the assets of the Funds. As discussed above, management fees are generally deducted on a quarterly basis in advance based on the net asset value of each Fund. Incentive fees and incentive allocations, as applicable, are generally allocated on an annual basis as of the end of each fiscal year.

The fee schedule for the Funds is omitted because this Brochure is delivered only to qualified purchasers as defined in the Investment Company Act of 1940, as amended.

**Expenses**

The below expenses may not be applicable to all of the Funds. To the extent permitted under the applicable offering documents, each Fund generally bears its own (and, in the case of the Offshore Fund, indirectly the Trading Fund's) expenses including, without limitation: the Funds bear their *pro rata* share of operating and other expenses including, but not limited to, investment expenses (e.g., brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees, and interest and fees on margin loans) whether or

not the investments are consummated; professional fees and expenses related to investments (including expenses of consultants, investment bankers, attorneys, accountants, and other experts); fees and expenses relating to software tools and programs or other technology utilized in managing the Funds (including third-party software licensing fees and expenses, fees and expenses relating to implementation, data management, and recovery services, custom development costs, and the cost of accounting software packages); research-related expenses; research and market data (including any computer hardware and connectivity hardware (e.g., telephone and fiber optic lines) incorporated into the cost of obtaining such research and market data); administrative expenses (including fees and expenses of the applicable Fund's administrator); legal expenses; external accounting and valuation expenses; audit and tax-preparation expenses; costs related to errors and omissions insurance for the General Partner (in the case of the Domestic Fund and the Domestic (a) Fund), any advisory board, V3CM, and the members of the board of directors (in the case of the Offshore Fund); costs of printing and mailing reports and notices; entity-level taxes; regulatory-related expenses (including filing fees); organizational expenses; expenses incurred in connection with the offering and sale of the interests or shares in the Funds, as applicable, and other similar expenses related to the Funds; indemnification expenses; and extraordinary expenses.

Item 12 further describes the factors that V3CM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

More detailed information regarding specific Funds' terms, including fees, allocations, and expenses can be found in the Funds' offering documents.

**Additional Compensation and Conflicts of Interest**

Neither V3CM nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

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

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V3CM and its affiliates accept performance-based fees from every client. As a result, V3CM and its affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some clients but not from other clients.



**Item 7: Types of Clients**

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V3CM's clients are the Funds. In addition, V3CM in the future may serve as investment manager to additional Funds other than those described herein.

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

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**Methods of Analysis and Investment Strategies**

*The descriptions set forth in this Brochure of specific advisory services that V3CM offers to clients as well as investment strategies pursued and investments made by V3CM on behalf of its clients should not be understood to limit in any way V3CM's investment activities. V3CM may offer any advisory services, engage in any investment strategy, and make any investment, including any not described in this Brochure, that V3CM considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies V3CM pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.*

The Funds are invested principally in publicly-traded real estate securities. V3CM takes a value-oriented, long-term, “private equity” approach to investing – finding securities trading at discounts to their intrinsic values (providing a margin of safety to the investment on an unlevered basis) and then taking concentrated positions in them. V3CM believes that its investment focus is relatively unique in a world dominated by short-term performance and that this focus gives V3CM an edge in identifying value opportunities. The long-term perspective gives V3CM the latitude to make investments in companies during periods when operating performance may be sub-optimal and, more importantly, when they can be purchased at low prices.

V3CM's strategy reflects its belief that, over the long term, real estate assets generating high-quality cash-flow streams offer attractive risk-adjusted return potential. However, in comparison to direct real estate investments, the liquidity of real estate securities allows such securities to sell, from time to time, at prices which are believed to range from attractive discounts to substantial premiums to their liquidation values. V3CM seeks to profit from both long and short positions in real estate securities and may be net short from time to time. V3CM believes that active management with a long-term orientation may achieve attractive rates of total return with reduced risk by taking advantage of market pricing anomalies. Unlike many asset categories, where significant transactions occur infrequently, sales of apartment properties, office buildings, warehouses, and other commercial real estate properties occur frequently and are often accompanied by public announcements. Therefore, estimates of the underlying asset values of real estate investment trusts and other real estate companies tend more accurately to reflect market values than is the case with many other industries.

In periods where V3CM does not believe that compelling investment opportunities exist, short-term liquid investments, including cash, U.S. government securities, money market funds, commercial paper, and certificates of deposit, will be held.

V3CM may modify the investment objectives and strategy of the Funds at any time. V3CM's right to modify the strategy with respect to the Funds depends upon the terms of the agreements governing such accounts and vehicles.

**Material, Significant or Unusual Risks Relating to Investment Strategies and Securities**

Investments in a Fund are speculative and involve a substantial degree of risk, including the risk that an investor could lose some or all of its investment in such Fund. Prospective investors should carefully consider the risks of investing, which include, without limitation, those set forth below which are more fully described in the applicable Fund's offering documents. These risk factors include only those risks V3CM believes to be material, significant, or unusual and relate to particular significant investment strategies or methods of analysis employed by V3CM and do not purport to be a complete list or explanation of the risks involved in an investment in any of the Funds.

***Risks of Investments in Securities Generally***

All investments made by V3CM, on behalf of the Funds, risk the loss of capital. No guarantee or representation is made that the Funds' investment programs will be successful, that the Funds will achieve their targeted returns, or that there will be any return of capital invested, and investment results may vary substantially over time. The investment program involves, without limitation, risks associated with limited diversification, leverage, margin transactions, volatility, tracking risks in hedged positions, credit deterioration or default risks, systems risks, and other risks inherent in the Funds' activities. Certain investment techniques of V3CM, on behalf of the Funds, can, in certain circumstances, magnify the impact of adverse market moves to which the Funds may be subject. In addition, the Funds' investment in securities may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where the Funds may invest their assets.

V3CM's method, on behalf of the Funds, of minimizing such risks may not accurately predict future risk exposures. Risk-management techniques are based in part on the observation of historical market behaviour which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete, or current, and such information may be misinterpreted.

***Risks of Investing in REIT Securities and Real Estate Securities***

The Funds will invest a large portion of their assets in a concentrated portfolio of real estate securities. While V3CM believes such companies often provide significant potential for income and price appreciation, investing in one sector of the overall securities market among relatively few issuers may involve higher risks than investing in a diversified portfolio across multiple sectors. Movements in the overall real estate market due, for example, to changes in property values, cyclical changes in the economy, vacancies of rental properties, overbuilding, changes in local laws, changes in property taxes, or changes in interest rates could adversely impact the Funds.

The real estate securities in which the Funds may invest are potentially subject to the impact of leverage at both the property and entity levels. For example, REITs generally invest in real estate operating properties which can be highly leveraged (through both on and off-balance-sheet financing). In addition, many real estate companies have

outstanding indebtedness at the corporate or entity level, such as secured and/or unsecured notes and bonds, preferred stocks, etc. These various types of leverage may serve to amplify gain or loss, much like the Funds' own possible use of leverage. Thus, there are several different types of leverage which could amplify changes in a REIT's value and adversely impact the Funds' portfolios.

While the Funds will not invest directly in real estate, the Funds may be subject to the risks associated with direct ownership through their ownership of REITs and companies engaged in real estate-related activities or by distributions in-kind of real property from a REIT. Moreover, the equity of REITs often trades at a discount to the net asset value of the underlying assets. REITs are often difficult to value and thus could increase the risk of loss to the Funds. Additionally, there is a regulatory risk that certain REITs may fail to qualify for pass-through of income under the IRC (as defined below) or otherwise fail to qualify as a REIT.

Many of V3CM's investments on behalf of the Funds will be subject to the risks inherent to investments in REITs and companies engaged in real estate activities ("**Portfolio Companies**") generally, including, but not limited to:

- (i) Risks associated with the ownership, acquisition, development, construction, and operation of real estate properties, including potential environmental liabilities; the risk of uninsured losses; the risk of damage or destruction of property from terrorist activities; the perceptions of prospective tenants of the safety, convenience, and attractiveness of the properties; the ability of the owner to provide adequate management, maintenance, and insurance; the expenses of periodically renovating, repairing, and re-letting spaces; increasing operating costs (including mortgage payments, real estate taxes, insurance, maintenance costs, and utilities) which may not be passed through to tenants; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of or demand for competing properties in an area (as a result, for instance, of over-building); the financial condition of tenants, buyers, and sellers of properties; changes in availability of debt financing; energy and supply shortages; changes in the tax, real estate, environmental, and zoning laws and regulations; various uninsured or uninsurable risks; natural disasters; and the ability of the Funds or third-party borrowers to manage the real properties. Some Portfolio Companies may have a limited number of properties in their portfolios. In such case, a material loss associated with one property could adversely affect the value of the particular Portfolio Company's securities;

- (ii) Risks of owning properties through joint ventures or partnerships which may render a Portfolio Company unable to exercise sole decision-making authority and subject the Portfolio Company to the risk that a joint venturer or partner may act in a manner contrary to the best interests of the Portfolio Company and its stockholders;

- (iii) General real estate investment considerations, such as the effect of local economic and other conditions on property cash flows and values, the

need to re-let space upon the expiration of current leases, dependence on major tenants and the possibility of tenant defaults, the ability of a property to generate revenue sufficient to meet debt service payments and other operating expenses, periodic excessive real estate development, and the illiquidity of real estate investments, all of which may affect a Portfolio Company's ability to make expected distributions to its stockholders;

(iv) Possible increases in interest rates, which may lead prospective purchasers of real estate equity securities, as well as other classes of equities, to demand higher annual yields, and which may adversely affect the market price of such securities;

(v) Borrowing risks, such as the possibility that: (a) Portfolio Companies may incur excessive debt obligations and not have sufficient funds available to make principal payments as they come due; (b) indebtedness may be required to be refinanced at higher interest rates or otherwise on terms less favorable than existing indebtedness; (c) a Portfolio Company's properties may be foreclosed upon if it is unable to make required mortgage payments; and (d) interest rates may increase, which, in the case of variable rate indebtedness, may adversely affect the ability of a Portfolio Company to make distributions to shareholders;

(vi) Relative illiquidity of real estate investments which tends to limit the ability of a Portfolio Company to vary its holdings promptly in response to changes in local economic or other conditions; and

(vii) Risks associated with the management by REITs of properties owned by third parties, including the risk that management contracts (which are typically cancellable without notice) may be terminated by the entity controlling the property or in connection with the sale of such property, that contracts may not be renewed upon expiration or may not be renewed on terms consistent with current terms, and that the rental revenues upon which management fees are based may decline as a result of general real estate market conditions or specific market factors.

Investments in REIT securities are also subject to special risks incident to investments in REITs, including:

(i) Restrictions on ownership (which prohibit ownership of more than 9.9% of a REIT's shares by one investor), which are designed to ensure that the REIT does not violate certain share-accumulation restrictions imposed by the federal tax laws on REITs and which may also deter possible acquisitions of, or changes in control of, a REIT;

(ii) Many REITs have small to medium-sized market capitalizations. As a result, while V3CM believes REIT securities provide significant potential for appreciation, these securities involve higher risks in some respects than do investments in securities of larger companies. For example, prices of some REIT securities (like those of other small-capitalization and medium-capitalization

securities) are often more volatile than prices of large-capitalization securities, and an investment in such securities may be less liquid; and

(iii) Tax risks, including risk of changes in the tax laws that may cause a REIT to fail to qualify as a REIT or cause REITs, generally, to be subject to corporate taxation as well as limitations on a REIT's ability to sell properties at a time when it is otherwise economically advantageous to do so, thereby adversely affecting returns to its stockholders.

***Non-U.S. Investments***

The Funds may invest in securities of non-U.S. corporations and countries other than the United States including in the securities of real estate companies domiciled outside North America (which may be in the form of REOCs, REITs, etc.), some of which may have substantial holdings of U.S. real estate assets. Investing in the equity securities of non-U.S. companies involves certain considerations not usually associated with investing in securities of United States companies, including, without limitation, political and economic considerations, such as greater risks of expropriation and nationalization; the potential difficulty of repatriating funds and general social, political, and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; different real estate and securities laws; fluctuations in the rates of exchange between currencies and costs associated with currency conversions; and certain government policies that may restrict the Funds' investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to United States standards and, consequently, less information may be available to investors in companies located in foreign countries than is available to investors in companies located in the United States. In short, there can be no assurance that political, economic, social, and other developments in foreign countries will not have a material adverse effect on the Funds' investments. There is, generally, also less regulation of the securities markets in foreign countries than in the United States.

The Funds may be subject to additional risks, which include possible seizure or nationalization of non-U.S. deposits and possible adoption of governmental restrictions which might adversely affect the payment of principal and interest to investors such as the Funds located outside the country of the issuer, whether from currency blockage or otherwise. Income or gross sale or disposition proceeds received by the Funds from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by the Funds reduce their net income or return from such investments.

***Leverage Risks***

For the Domestic Fund, the Offshore Fund and the Trading Fund, there is no restriction on the amount of leverage that a Fund may borrow for such Fund's investment program, although V3CM does not intend to cause a Fund to incur leverage which would result in a debt to total assets ratio in excess of 25%. Leverage may take the form of, without limitation, any of the financial instruments described herein, including trading in products with embedded leverage such as options, futures, and swaps. The

instruments and borrowings utilized by the Fund to leverage investments may be collateralized by such Fund's portfolio. Accordingly, such Fund may pledge its financial instruments in order to borrow additional funds or otherwise obtain leverage for investment or other purposes.

The use of leverage will allow each Fund to borrow in order to make additional investments, thereby increasing its exposure to assets, such that its total assets are greater than its capital and any capital commitments. The use of leverage would magnify the volatility of changes in the value of the investments of such Fund. Accordingly, any event which adversely affects the value of an investment would be magnified to the extent the investment is leveraged. The cumulative effect of the use of leverage by such Fund in a market that moves adversely to its investments could result in substantial losses to such Fund, which would be greater than if such Fund were not leveraged.

While leverage increases the buying power of a Fund and presents opportunities for increasing total returns, it may have the effect of potentially increasing losses as well. For example, funds borrowed for leveraging may be subject to interest, transaction, and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on such Fund's portfolio. Leverage will increase the investment return of such Fund if an investment purchased with or utilizing leverage earns a greater return than the cost to such Fund of such leverage. The use of leverage will decrease the investment return if such Fund fails to recover the cost of such leverage.

#### ***Changes in Investment Strategy***

V3CM has considerable discretion in choosing the securities which will be acquired and has the right to modify the selection criteria or hedging techniques used by the Funds without the consent of the investors of the Funds. Any of these new trading techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings, which could result in unsuccessful trades and, ultimately, losses to the Funds. In addition, any new investment strategy or hedging technique developed may be more speculative than earlier techniques and may increase the risk of an investment in the Funds.

#### ***Equity Securities***

The Funds intend to invest in equity securities and equity derivatives. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Funds may suffer losses if they invest in equity instruments of issuers whose performance diverges from V3CM's expectations or if equity markets generally move in a single direction and the Funds have not hedged against such a general move. The Funds also may be exposed to risks that issuers will not fulfil contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

#### ***Debt Securities***



Debt securities in which the Funds may invest may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the issuer, and general market conditions. In addition to the sensitivity of debt securities to overall interest-rate movements, debt securities involve a fundamental credit risk based on the issuer's ability to make principal and interest payments on the debt it issues. The Funds' investments in debt securities may experience substantial losses due to adverse changes in interest rates and the market's perception of issuers' creditworthiness.

***Investments in Equity-Related Convertible Securities***

The Funds may invest a portion of capital in equity-related convertible securities. Convertible securities are bonds, debentures, notes, preferred stock, and other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted, or exchanged. Convertible securities have unique investment characteristics, in that they generally: (i) have higher yields than common stocks but lower yields than comparable non-convertible securities; (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics; and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. Generally, the conversion value decreases as the convertible security approaches maturity. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Funds are called for withdrawal or redemption, as applicable, the Funds are required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Funds' ability to achieve their investment objectives.



**Short Sales**

The Domestic Fund, the Offshore Fund and the Trading Fund intend to sell securities "short." A short sale involves the sale of a security that the Funds do not own in order to hedge related risks. To make delivery to the buyer, the Funds must borrow the security, and the Funds are obligated to pay the lender of the security any dividend or interest payable on the security until the Funds return the security to the lender. When the Funds make a short sale in the United States, they must leave the proceeds thereof with the lender as collateral. If short sales are effected on a non-U.S. exchange, such transactions will be governed by local law. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Funds engage in short sales depends upon V3CM's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the Funds will be able to maintain the ability to borrow securities sold short. In such cases, the Funds can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further thereby exacerbating the loss.

During the severe market disruptions following the bankruptcy of Lehman Brothers in September 2008, securities regulators in a number of countries imposed "emergency" bans on the short selling of financial sector securities. Short selling may be subject to further regulations or even bans. Short selling is integral to V3CM's strategies, and any regulatory limitations on short selling could materially adversely affect V3CM's ability to implement its strategies for the benefit of the Funds.

**Hedging**

The Domestic Fund, the Offshore Fund and the Trading Fund may utilize a variety of financial instruments, such as short sales, options, swaps, caps and floors, futures and forward contracts, and similar derivatives, both for investment purposes and for hedging purposes. The Funds may enter into hedging transactions to seek to reduce risk (hedging transactions typically do not eliminate risk). Such transactions may not be fully effective in mitigating the risks in all market environments or against all types of risk (including unidentified or unanticipated risks) thereby incurring losses to the Funds. In addition, such hedging transactions may result in a poorer overall performance for the Funds than if it had not engaged in any such hedging transactions. Hedging strategies themselves are subject to both significant transaction costs as well as to path-dependent outcomes determined upon when hedging positions are applied, increased, reduced, or eliminated as well as the correlation between such hedging positions and the directional positions that they are intended to hedge. Moreover, it should be noted that (1) V3CM does not, in general, attempt to hedge all market or other risks inherent in the Funds' positions, hedges certain risks only partially if at all, and may not anticipate certain risks, and (2) the portfolio is always exposed to certain risks that cannot be hedged.

Specifically, V3CM may choose not to hedge certain risks or determine that hedging is economically unattractive – either in respect of particular positions or in respect of the Funds' overall portfolio. V3CM may (but is not required to) rely on diversification to control such unhedged risks to the extent that V3CM believes it is desirable to do so, but the Funds are not subject to any formal diversification policies. Even when V3CM attempts to rely on diversification, the diversification of the Funds' positions and strategies may not always be significant and, even if significant, may not provide meaningful risk control even though it may reduce the Funds' profit potential as a result of certain strategies being unprofitable while others are profitable.

Moreover, it may not be possible for the Funds to hedge against a risk that is so generally anticipated that the Funds are not able to enter into hedging transactions at a price sufficient to protect the Funds' assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations.

### ***Derivative Instruments Generally***

Derivative instruments, or "derivatives", include instruments and contracts that are derived from and are valued in relation to one or more underlying assets, benchmarks or indices. A derivative allows an investor to hedge or speculate upon the price movements of a particular asset, financial benchmark or index that could be a fraction of the cost of acquiring, borrowing or selling short the underlying asset. The value of a derivative is linked to the price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset may also be applicable to derivatives trading. However, there are a number of additional risks associated with derivatives trading. Transactions in certain derivatives are subject to clearance on a U.S. national exchange and to regulatory oversight, while other derivatives are subject to risks of trading in the over-the-counter markets or on non-U.S. exchanges. Price movements of futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, the duration of the contract, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the assets that are underlying them. In addition, the Funds' assets are also subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearing houses or counterparties. Additional risks associated with derivatives trading include:

**Tracking.** When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative and the underlying investment sought to be hedged may prevent the Funds from achieving the intended hedging effect or expose the Funds to risk of loss. If the Funds invest in derivatives at inopportune times or incorrectly judges market conditions, the investments may lower the return of the Funds or result in a loss. The Funds also could experience losses if derivatives are poorly correlated with their other investments.

**Liquidity.** Derivatives, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets the Funds may not be able to close out a

position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which the Funds may conduct their transactions in derivatives may prevent profitable liquidation of positions, subjecting the Funds to the potential of greater losses. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for derivatives.

**Leverage.** Trading in derivatives can result in large amounts of leverage. Thus, the leverage offered by trading in derivatives may magnify the gains and losses experienced by the Funds and could cause the Funds' net asset value to be subject to wider fluctuations than would be the case if the Funds did not use the leverage feature of derivatives.

**Over-the-Counter Trading.** Derivatives that may be purchased or sold by the Funds may include instruments not traded on an exchange. The risk of nonperformance by the obligor or derivative counterparty on an instrument may be greater than, and the ease with which the Funds can dispose of or enter into closing transactions with respect to a security or instrument may be less than, the risk associated with an exchange traded security. In addition, significant disparities may exist between "bid" and "asked" prices for derivatives that are not traded on an exchange. Derivatives not traded on exchanges also may not be subject to the same type of government regulation as exchange traded securities, and many of the protections afforded to participants in a regulated environment may not be available in connection with the transactions.

The Funds may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are deemed by V3CM to be consistent with the investment objective of the Funds. Special risks may apply to instruments that are invested in by the Funds in the future that cannot be determined at this time or until such instruments are developed or invested in by the Funds.

#### ***Forward Contracts***

The Funds may trade forward contracts and options thereon, and, unlike futures contracts, forward contracts are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Funds due to unusually high trading volume, political intervention, or other factors. The imposition of controls by governmental authorities

might also limit such forward (and futures) trading to less than that which the Funds would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in major losses to the Funds.

**Options**

The Funds may write (i.e., sell) and purchase put and call options. Sales of options where the Funds do not own the underlying asset to which the option is referenced can involve theoretically unlimited risk.

The seller (writer) of a call option which is covered (e.g., the writer holds the underlying security) may hedge its long position in the underlying security by earning premium upon the sale of the option. In exchange for the premium, the seller assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security (to the extent the decline exceeds the premium received), and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

The seller (writer) of a put option which is covered (e.g., the writer has a short position in the underlying security) may hedge its short position in the underlying security by earning premium upon the sale of the option. In exchange for the premium, the seller assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security (to the extent the increase exceeds the premium received), and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Volatility is a principal component of options pricing. If the volatility in the market for the asset underlying the options held or sold by the Funds changes materially, the Funds directly could incur substantial losses even if the options in question would have generated substantial profits if the current price levels had been in effect at expiration.

**OTC Derivatives**

The Funds may enter into over the counter derivative agreements ("OTC Derivative Agreements"). These agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments, asset classes or market factors. Depending on their structure, OTC Derivative Agreements may increase or decrease the Funds' exposure to, for example, equity securities. OTC Derivative Agreements can take many different forms and are known by a variety of names. The Funds are not limited to any particular form of OTC Derivative Agreement

if consistent with the Funds' investment objective. Whether the Funds' use of OTC Derivative Agreements will be successful will depend on V3CM's ability to select appropriate transactions for the Funds. Derivative transactions may be highly illiquid and may increase or decrease the volatility of the Funds' portfolios. Moreover, the Funds bear the risk of loss of the amount expected to be received under an OTC Derivative Agreement in the event of the default or insolvency of its counterparty. The Funds will also bear the risk of loss related to OTC Derivative Agreements, for example, for breaches of such agreements or the failure of the Funds to post or maintain required collateral. Many derivative markets are relatively new and still developing. It is possible that developments in the derivative markets, including potential government regulation, could adversely affect the Funds' ability to terminate existing derivative transactions or to realize amounts to be received under such transactions.

### **Total Return Swap Agreements**

V3CM may enter into total return swap agreements on behalf of the Funds ("TRSs" or "TRS agreements"). TRS agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments or market factors. TRS agreements may shift the Funds' investment exposure from one type of investment to another. For example, if the Funds agree to exchange payments in dollars for payments in non-U.S. currency, the TRS agreement would tend to decrease the Funds' exposure to U.S. interest rates and increase its exposure to non-U.S. currency and interest rates. Depending on how they are used, TRS agreements may increase or decrease the overall volatility of the Funds' portfolios. The most significant factor in the performance of TRS agreements is the change in the specific reference asset or financing or currency rate. If a TRS agreement calls for payments by the Funds, they must be prepared to make such payments when due. The reference asset may be any currency, interest rate, equity, debt, asset, index, or basket of assets. The TRS allows one party to derive the economic benefit of owning such reference asset without putting that reference asset on its balance sheet, and allows the other (which does retain that asset on its balance sheet) to buy protection against loss in its value. The TRS counterparties may bear certain risks associated with the transaction, which include, for example, the possibility that the TRS beneficiary may default while the reference asset has declined in value. In addition, the TRS obligor may default, followed by default of the TRS receiver before payment of the depreciation has been made to the payer or provider.

**Item 9: Disciplinary Information**

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There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of V3CM's advisory business or the integrity of V3CM's management.

**Item 10: Other Financial Industry Activities and Affiliations**

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**Broker-Dealer Registration Status**

V3CM and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

**Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status**

Each of the General Partner, the (a) Fund General Partner and V3CM, have claimed an exemption under CFTC Rule 4.13(a)(3) from registration as a commodity pool operator (CPO). Therefore, unlike a registered CPO, neither the General Partner nor the V3CM is required to deliver a CFTC disclosure document to prospective investors. Further, neither is required to provide certified annual reports to satisfy the requirements of CFTC rules applicable to registered CPOs.

Each of the General Partner, the (a) Fund General Partner and V3CM qualify for the exemption under CFTC Rule 4.13(a)(3) with respect to the applicable Fund on the basis that, among other things: (i) each investor is an "accredited investor", as defined under U.S. Securities and Exchange Commission rules; (ii) the investors interests in the Fund are exempt from registration under the U.S. Securities Act of 1933, as amended, and are offered and sold without marketing to the public in the United States, (iii) participations in each Fund are not marketed as or in a vehicle for trading in the commodity futures or commodity options markets, and (iv) at all times that each Fund establishes a commodity interest or securities futures position either (a) the aggregate initial margin and premiums required to establish commodity interest and security futures positions will not exceed 5% of the liquidation value of a Fund's portfolio; or (b) the aggregate net notional value of a Fund's commodity interest and security futures positions will not exceed 100% of the liquidation value of a Fund's portfolio.

**Material Relationships or Arrangements with Industry Participants**

V3CM is a related person to the General Partner.

**Material Conflicts of Interest Relating to Other Investment Advisers**

V3CM does not recommend or select other investment advisers for its clients.

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

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**Code of Ethics**

V3CM has adopted a Code of Ethics (the "**Code of Ethics**") that establishes various procedures with respect to investment transactions in accounts in which an employee has a beneficial interest as well as accounts over which an employee has investment discretion.

All V3CM employees are required to adhere to a comprehensive Code of Ethics, which covers the duty of confidentiality and contains provisions that are designed to protect against improper personal trading.

All employees are required to certify their adherence to the Code of Ethics upon commencement of employment and quarterly thereafter by completing a transaction report.

The Code of Ethics incorporates the following general principles which all employees are expected to uphold:

- an employee must, at all times, place the interests of the Funds first;
- all personal securities transactions must be conducted in a manner consistent with the Code of Ethics and avoid any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility;
- employees must not take any inappropriate advantage of their positions at V3CM;
- information concerning the identity of securities and financial circumstances of the Funds and their investors must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

Clients may request a copy of the Code of Ethics by contacting V3CM at the address or telephone number listed on the first page of this document.

**Securities that V3CM or a Related Person Has a Material Financial Interest****Cross Trades**

V3CM may determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a "**Cross Trade**") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the clients, or to reduce transaction costs that may arise in an open market transaction. If V3CM decides to engage in a Cross Trade, V3CM will determine



that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients.

V3CM generally executes Cross Trades with the assistance of a broker-dealer who executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a Cross Trade between two clients may occur as an "internal cross", where V3CM instructs the custodian for the clients to book the transaction at the price determined in accordance with V3CM's valuation policy. If V3CM effects an internal cross, V3CM will not receive any fee in connection with the completion of the transaction.

### **Principal Transactions**

V3CM's policy and practice is generally not to engage in any principal transactions.

### **Investing in Securities that V3CM or a Related Person Recommends to Clients**

The Code of Ethics places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to V3CM on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. Any questionable personal securities transaction should be pre-cleared with the CCO. All employees must direct their brokers to send duplicate brokerage statements to the CCO. These records are used to monitor compliance with the foregoing policies.

V3CM, its affiliates and its employees may give advice or take action for their own accounts that may differ from the advice given or the timing or nature of any action taken with respect to the clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients. Potential conflicts also may arise due to the fact that V3CM and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

V3CM has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code of Ethics, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as one or more clients trade.

### **Conflicts of Interest Created by Contemporaneous Trading**

V3CM manages investments on behalf of a number of clients. Certain clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the policy of V3CM to allocate investment opportunities among all clients fairly, to the extent practical and in accordance with each client's applicable investment strategy, over a period of time. V3CM will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any client solely because V3CM purchases or

sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the client.

**Item 12: Brokerage Practices**

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**Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions**

As noted previously, V3CM has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. V3CM's authority is limited by its own internal policies and procedures and each Fund's investment guidelines.

V3CM will execute trades only with approved broker-dealers. Broker-dealer relationships are considered and authorized by Mr. Fitzgerald and then established, following an initial review by the CCO. V3CM has a duty to obtain best execution for Fund securities transactions and, therefore, considers the full range and quality of a broker-dealer's services in placing trades.

Portfolio transactions for each client will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to V3CM and/or certain clients, but not beneficial to all clients. V3CM transacts with brokers and dealers on the basis of best execution and in consideration of such brokers' quality of execution, accurate and timely execution, clearance and error/dispute resolution, reputation, financial strength and stability, block trading and block positioning capabilities, willingness to execute difficult transactions, willingness and ability to commit capital, access to underwritten offerings and secondary markets, ongoing reliability, overall costs of a trade (*i.e.*, net price paid or received) including commissions, mark-ups, mark-downs or spreads in the context of V3CM's knowledge of negotiated commission rates currently available and other current transaction costs, nature of the security and the available market makers, desired timing of the transaction and size of trade, confidentiality of trading activity, market intelligence regarding trading activity, and the receipt of brokerage or research services.

Accordingly, the commission rates (or dealer markups and markdowns) charged to the Funds by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers who may not offer such services. V3CM need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread.

V3CM maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

V3CM's trading procedures prohibit unfair trading practices and seek to disclose and avoid any actual or potential conflicts of interests. V3CM has adopted the following policies and practices to meet V3CM's fiduciary responsibilities as well as to ensure that trading practices are fair to all Funds and that no Fund or account is advantaged or disadvantaged relative to any other.

**Research and Other Soft Dollar Benefits**

From time to time, V3CM may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. V3CM has adopted "Soft Dollar Policies" which are designed to ensure that the use of any soft dollars comes within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e). V3CM's policy is to direct soft dollars based on that broker's ability to provide best execution and research. Soft dollar expenses include Bloomberg as well as other research and brokerage-related services and are only used to defray research expenses that would otherwise accrue to the Funds.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by one or more Funds may be used by V3CM to service one or more other clients, including clients that may not have paid for the soft dollar benefits. V3CM does not seek to allocate soft-dollar benefits to client accounts in proportion to the soft-dollar credits the client accounts generate. Where a product or service provides both research and non-research assistance to V3CM (*i.e.*, a "mixed use" item), a portion of the cost of the product or service, based upon a reasonable allocation between the two types of uses, may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of V3CM's allocation of the costs of such benefits and services between those that primarily benefit V3CM and those that primarily benefit the Funds.

When V3CM uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, V3CM receives a benefit because it does not have to produce or pay for such products or services. V3CM may have an incentive to select or recommend a broker-dealer based on V3CM's interest in receiving research or other products or services, rather than on the Funds interest in receiving most favorable execution.

Within the last fiscal year of V3CM, V3CM or its related persons acquired the following types of products and services with fund brokerage commissions (or markups or markdowns): analytical tools, pricing services, on-line research, and reports on particular industries and companies.

Representatives of V3CM may from time to time speak at conferences and programs which are sponsored by brokers for prospective investors in the Funds. These conferences and programs may be a means by which V3CM can be introduced to prospective investors in the Funds. The brokers generally are not compensated by V3CM, the Funds or prospective investors in the funds for providing such "capital introduction" opportunities.

At least annually, V3CM considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Funds on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will V3CM make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

On behalf of the Funds, V3CM reserves the right, in its sole discretion, to change the brokerage and custodial arrangements.

**Brokerage for Client Referrals**

Neither V3CM nor any related person receives client referrals from any broker-dealer or third party. However, as discussed above, subject to best execution, V3CM may consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds in selecting or recommending broker-dealers for the Funds.

**Directed Brokerage**

V3CM does not recommend, request, or require that a client direct V3CM to execute transactions through a specified broker-dealer.

**Aggregation of Orders**

V3CM maintains order aggregation and allocation procedures and aggregates trades for best execution. V3CM generally carries out Fund transactions on an aggregated basis, allowing negotiation of more favorable commission rates.

If V3CM determines that the purchase or sale of a security is appropriate with regard to more than one Fund, V3CM may, but is not obligated to, purchase or sell such a security on behalf of such Funds with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each Fund will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each Fund's participation in the order (or allocation in the event of a partial fill) as determined by V3CM. In the event of a partial fill, allocations may be modified on a basis that V3CM deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by V3CM. As a result, certain trades in the same security for one Fund (including a Fund in which V3CM and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another Fund, and orders placed later may not be filled entirely or at all, based upon the

prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

**Item 13: Review of Accounts**

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**Frequency and Nature of Review of Client Accounts or Financial Plans**

V3CM performs various daily, weekly, monthly, quarterly and periodic reviews of each client's portfolio. Such reviews are conducted by V3CM's Managing Partners, Messrs. Fitzgerald and Meng, to assure conformity with investment objectives and guidelines.

**Factors Prompting Review of Client Accounts Other than a Periodic Review**

A review of a client account may be triggered by any unusual activity or special circumstances.

**Content and Frequency of Account Reports to Clients**

V3CM provides annual audited financial statements to investors in the Funds within 120 days of the applicable Funds fiscal year end. In addition, net asset value updates and performance reports are generally distributed to the investors in the Funds monthly.

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

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**Economic Benefits for Providing Services to Clients**

V3CM does not receive economic benefits from non-clients for providing investment advice and other advisory services.

**Compensation to Non-Supervised Persons for Client Referral**

Neither V3CM nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for referrals.



**Item 15: Custody**

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V3CM is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting management fees from a client's account or otherwise withdrawing funds from a client's account. Account statements related to the clients are sent by qualified custodians to V3CM.

V3CM is subject to Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund be subject to an audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

**Item 16: Investment Discretion**

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V3CM serves as the investment manager with discretionary trading authority to each Fund. V3CM's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its offering documents.

V3CM or an affiliate of V3CM has entered into an investment management agreement, or similar agreement, with each Fund pursuant to which V3CM or an affiliate of V3CM was granted discretionary trading authority.

**Item 17: Voting Client Securities**

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In compliance with Advisers Act Rule 206(4)-6, V3CM has adopted proxy voting policies and procedures.

The general policy is to vote proxy proposals, amendments, consents, or resolutions relating to client securities, including interests in private investment funds, if any, each "Proxy" and collectively, the "**Proxies**" in a manner that serves the best interests of the Funds managed by V3CM, as determined by V3CM in its sole discretion, and taking into account relevant factors, including, but not limited to:

- the impact on the value of the securities;
- the anticipated costs and benefits associated with the proposal;
- the effect on liquidity; and
- customary industry and business practices.

V3CM will abstain from voting or affirmatively decide not to vote if V3CM determines that abstaining or not voting is in the best interests of the Funds. In making such a determination, V3CM will consider various factors, including, but not limited to: (i) the costs associated with exercising the proxy (e.g., translation or travel costs); and (ii) any legal restrictions on trading resulting from the exercise of a proxy. Furthermore, V3CM will not abstain from voting or affirmatively decide not to vote merely to avoid a conflict of interest.

Conflicts of interest may arise between the interests of the clients on the one hand and V3CM or any of its affiliates on the other hand. If V3CM determines that it has, or may be perceived to have, a conflict of interest when voting a Proxy, V3CM will vote in accordance with its Proxy voting policies and procedures. Clients may obtain a copy of V3CM's Proxy voting policies and its Proxy voting record upon request.

**Item 18: Financial Information**

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V3CM is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

**V3 CAPITAL MANAGEMENT, L.P.**

**PART 2B OF FORM ADV**

**THE BROCHURE SUPPLEMENT**

**Updated:** March 27, 2015

V3 Capital Management, L.P.  
477 Madison Avenue  
Suite 320  
New York, NY 10022  
(212) 421-7548

**ADVISORY PERSONNEL:**

Charles P. Fitzgerald  
Justin Meng

*This “Brochure Supplement” provides information about Charles P. Fitzgerald and Justin Meng that supplements the V3 Capital Management, L.P. (“V3CM”) Form ADV Part 2A (the “Brochure”). You should have received a copy of the Brochure. Please contact V3CM’s Chief Compliance Officer (“CCO”) Alissa Fox at (212) 421-7548 or at [af@v3capgmt.com](mailto:af@v3capgmt.com) if you did not receive the Brochure or if you have any questions about the contents of this Brochure Supplement.*

*Additional information about V3CM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

**BROCHURE SUPPLEMENT**  
**FOR**  
**CHARLES P. FITZGERALD, SENIOR MANAGING PARTNER**  
**EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

Mr. Fitzgerald, who has 18 years of real estate and securities investment experience, is the Founder and Portfolio Manager for V3CM. Previously, he was Managing Partner, Co-Portfolio Manager, and Director of Research for High Rise Capital Management, L.P. (2002-2011). Mr. Fitzgerald joined High Rise in 2002 as an analyst and was made a partner that year. Before that, he served as Co-Portfolio Manager of REIT Funds at JP Morgan Fleming Asset Management (2000-2002), Analyst at Prudential Real Estate Securities Investors (public real estate) (1998-2000), Analyst at Prudential Real Estate Investors (private real estate) (1997-1998), and Equity Research Intern at Gabelli Asset Management (1996). He earned a BA in Economics and Finance from Northern State University. Mr. Fitzgerald is a CFA charterholder. He was born in 1975.

**DISCIPLINARY INFORMATION**

There are no legal or disciplinary events with respect to the supervised person that are material to a client's or prospective client's evaluation of advisory business or the integrity of V3CM.

**OTHER BUSINESS ACTIVITIES**

A. Investment-Related Business.

None

B. Other Business.

Mr. Fitzgerald is not actively engaged in any business or occupation for compensation outside of V3CM.

**ADDITIONAL COMPENSATION**

V3CM does not allow a person or an entity that is not a client or affiliated with V3CM to provide any additional compensation or economic benefit for the supervised person.

**SUPERVISION**

Mr. Fitzgerald is the Senior Managing Partner of V3CM. Mr. Fitzgerald may be reached at (212) 421-7548.

Mr. Fitzgerald participates in periodic meetings to discuss ongoing events relating to V3CM's investments. V3CM has established policies and procedures to monitor and resolve conflicts and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances. V3CM follows established policies and procedures to monitor compliance with applicable law.

**BROCHURE SUPPLEMENT**  
**FOR**  
**JUSTIN MENG, MANAGING PARTNER**

**EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE**

Mr. Meng, who has 15 years of real estate and securities investment experience, is the Director of Research for V3CM. Previously, he was a Partner and Head of Commercial REIT Research for High Rise Capital Management, L.P. (2005-2011). Mr. Meng joined High Rise in 2005 and was made a partner at the end of 2006. Before that, he served as an Associate at JP Morgan Asset Management (2000-2005). Mr. Meng earned a BS in Mechanical Engineering from Brown University and an MS in Real Estate Development from New York University. He is a CFA charterholder. Mr. Meng was born in 1979.

**DISCIPLINARY INFORMATION**

There are no legal or disciplinary events with respect to the supervised person that are material to a client's or prospective client's evaluation of advisory business or the integrity of V3CM.

**OTHER BUSINESS ACTIVITIES**

A. Investment-Related Business.

None

B. Other Business.

Mr. Meng is not actively engaged in any business or occupation for compensation outside of V3CM.

**ADDITIONAL COMPENSATION**

V3CM does not allow a person or an entity that is not a client or affiliated with V3CM to provide any additional compensation or economic benefit for the supervised person.

**SUPERVISION**

Mr. Meng is a Managing Partner of V3CM. Mr. Meng may be reached at (212) 421-7548.

Mr. Meng participates in periodic meetings to discuss ongoing events relating to V3CM's investments. V3CM has established policies and procedures to monitor and resolve conflicts and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances. V3CM follows established policies and procedures to monitor compliance with applicable law.