

Item 1—Cover Page

Form ADV Part 2A: Firm Brochure

Artemis Real Estate Partners, LLC

**5404 Wisconsin Ave., Suite 1150
Chevy Chase, Maryland 20815
202-370-7450**

**Contact: Brad Berkley
Telephone: 202.370.7453
Fax: 301.652.1101
www.artemisrep.com**

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This Brochure provides information about the qualifications and business practices of Artemis Real Estate Partners, LLC ("**Artemis**"). If you have any questions about the contents of this Brochure, please contact Brad Berkley at (202)-370-7453 or by email at brad.berkley@artemisrep.com. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority, and references in this Brochure to Artemis as a "registered investment adviser" are not intended to imply a certain level of skill or training.

Additional information about Artemis is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2—Material Changes

Since Artemis' last annual update to its Form ADV Part 2A, (the "***Brochure***") dated April 29, 2015, Brad Berkley assumed the role of Chief Compliance Officer, replacing Diana Liu.

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Item 4—Advisory Business

The Advisory Business and Principal Owners

Artemis Real Estate Partners, LLC (“**Artemis**” or the “**Firm**”), is a private equity real estate investment firm providing advisory services to commingled, closed-end real estate funds and separately managed accounts for institutional third party capital. Founded in September 2009 and headquartered in Chevy Chase, Maryland, Artemis employs a variety of real estate strategies focused on U.S. commercial real estate private equity investments.

Artemis was co-founded and is majority-owned and controlled by Ms. Deborah Harmon (through DLH Capital, LLC) and Ms. Penny Pritzker (through AREP Investors, L.L.C.), each of whom has over 25 years of investing experience in the real estate business. Ms. Harmon serves as both the Manager and the Chief Executive Officer of the Firm. In the course of her over 25 years’ experience in the real estate business before co-founding Artemis, Ms. Harmon has held a leadership role in raising and deploying capital for four US-focused real estate funds and has overseen successful real estate investments across a wide variety of investment strategies, including significant investments in debt and distressed real estate assets. Her extensive experience with respect to distressed real estate assets included acquiring, working out and servicing non-performing loans and distressed real estate from the Resolution Trust Corporation (RTC) and the Federal Deposit Insurance Corporation (FDIC). Until June 26, 2013, Ms. Pritzker served as the Chairman of Artemis. Ms. Pritzker resigned as Chairman of Artemis on June 27, 2013 to assume her role as Secretary of the United States Department of Commerce. Until January 2012, she also served as the President and CEO of Pritzker Realty Group, L.P. where she oversaw the Pritzker family’s non-hotel related real estate investments for over 20 years. In February 2011, Artemis brought in a President, Alex Gilbert, who owns a minority stake in the Firm. Additional information relating to Artemis’ ownership can be found on Schedule A of Artemis’ Form ADV Part 1.

Advisory Services

Artemis provides real estate investment advisory services to private pooled investment vehicles (“**Funds**”) and separate account clients (“**Separate Accounts**” and together with the Funds, “**Clients**”). Artemis sponsored Funds are commingled, pooled real estate funds over which Artemis maintains broad investment discretion, subject to certain investment guidelines and restrictions set forth in the Funds’ governing documents and investor side letters. Separate Account clients are organized as special purpose vehicles with one principal outside investor, subject to participation by Artemis or its affiliates. Separate Accounts have negotiated investment guidelines.

Artemis sponsored Funds include Artemis Real Estate Partners Fund I, L.P. and its parallel fund, Artemis Real Estate Partners Fund I (NR), L.P. (collectively, “**Fund I**”) (aggregate of \$436 million of investor commitments), Artemis Real Estate Partners Fund II, L.P. (“**Fund II**” and together with Fund I, the “**Opportunistic Funds**”) (aggregate of \$580 million of investor commitments) and Artemis Healthcare Fund I, L.P. (the “**Healthcare Fund**”) (aggregate of \$75 million to date). The Opportunistic Funds utilize a value-oriented combination of opportunistic acquisition philosophies with value enhancement programs, and focus on distressed, mispriced, underperforming, undervalued or overlooked investment opportunities where assets or interests in such assets may be acquired below what Artemis believes to be market value and where Artemis believes that the applicable Fund is able to enhance value and mitigate risk through active asset management and investment structuring. Fund II, whose investment period remains open, has initially targeted

distressed situations and renovation, repositioning and releasing investment opportunities where Artemis believes real estate equity and debt assets can be purchased to generate attractive risk-adjusted returns. The Healthcare Fund focuses on core plus assets across major real estate product types in the healthcare industry, including senior apartments, independent living, assisted living, memory care, continuing care retirement communities, medical office and other healthcare-related facilities located in the U.S.

The Funds offer interests only to certain qualified investors and admission to each of the Funds is only via a “private offering” (i.e., is not open to the general public). Limited partnership interests are sold only to qualified investors who are “accredited investors” under Rule 501 of Regulation D of the Securities Act of 1933, as amended (the “**Securities Act**”), and “qualified purchasers” as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). Specific details relating to the advisory and management services provided to the Funds, including details relating to fees, liquidity rights and risks, amongst others, are fully disclosed in each Fund’s confidential offering memorandum, as supplemented from time to time, and their respective governing documents (e.g., Limited Partnership Agreement(s)) (together, the “**Offering Documents**”).

Artemis also advises four Separate Accounts, which generally use a core-plus strategy and/or core strategy and focus on joint ventures with emerging manager partners. Separate Accounts are generally structured as special purpose vehicles owned by a single Client, subject to participation by Artemis or its affiliates. Both emerging manager partners and investments for Separate Accounts are subject to negotiated guidelines and a prior consent of the Client may be required (in respect of partners and/or investments). Artemis’ Separate Accounts will be discretionary or non-discretionary depending on whether prior consent for investments is required. When deemed appropriate or desirable for a large or strategic investor (and subject to its agreements with current investors), Artemis may establish one or more additional separately managed accounts, which may (i) tailor their investment objectives to the specific investor, and/or (ii) be subject to different terms and fees than those of the Funds. Investment objectives, fee arrangements and other terms, including approval rights, for Separate Accounts will be individually negotiated. Separate account relationships would generally be subject to significant account minimums.

All of Artemis’ revenues are expected to be related to real estate investment advisory and management services provided to real estate Funds and Separate Accounts, and the Firm does not intend to develop revenue sources that are not related to such real estate investment advisory services. Outside of investment advice related to real estate-related investments, the Firm offers no other advisory services.

Artemis may enter into side letter agreements with certain investors in each Fund that may have the effect of establishing rights under or altering or supplementing the terms of such Fund’s agreement with respect to such investors than those applicable to other investors in such Fund. Such rights or terms in any such side letter may include, without limitation, (i) reporting obligations of the general partner, (ii) waiver of certain confidentiality obligations, (iii) consent of the general partner to certain transfers by such investor, (iv) rights or terms necessary in light of particular legal or regulatory characteristics of an investor, and (v) certain fee arrangements with respect to such investor.

As of December 31, 2015, Artemis had \$923,618,893 in discretionary assets under management and \$994,413,099 in assets under management on a non-discretionary basis.

Item 5—Fees and Compensation

The Funds

Artemis will generally receive an annual management fee that is calculated as a percentage of the capital commitment of each investor (or a combination of the un-invested capital commitment and the invested capital of each investor) in a Fund from the initial closing of such Fund through the end of such Fund's commitment period and, thereafter, as a percentage of the net invested capital of each investor in such Fund. Artemis, in its discretion, may waive or reduce the management fee as to all or any of the investors in each Fund or agree with an investor to waive or alter the management fee as to that investor.

Artemis or its affiliates will generally also receive distributions of the profits from each Fund as its carried interest only after the investors in such Fund have achieved a 100% return on their aggregate capital contributions, plus a specified preferred return. Artemis, in its discretion, may waive or reduce the carried interest distribution as to all or any of the investors in such Fund or agree with an investor to waive or alter the carried interest distribution as to that investor.

The management fee generally will be paid by each Fund quarterly in advance as of the first day of each calendar quarter. Carried interest distributions from each Fund generally are paid out as a distribution of net cash proceeds after the relevant return hurdles have been achieved for Fund investors. In the event that a Fund's investment management agreement with Artemis terminates during a period covered by management fees paid in advance, Artemis would pro rate such management fee and reimburse such Fund the portion of such management fee covering the remainder of the period.

Investors and prospective investors in the Funds should refer to the Offering Documents for the applicable Fund for a detailed description of the management fee calculations and distribution waterfall priorities providing profit-based distributions.

Subject to any expense limitation set forth in a Fund's offering documents, each Fund will bear all organizational and offering expenses (including legal, travel, accounting, tax, consulting, filing, printing and other expenses) incurred by it or on its behalf in connection with the formation of such Fund. Each Fund will also bear all necessary expenses of its operation and administration, which may include: (i) costs and expenses incurred in identifying, evaluating, developing, negotiating and structuring investments (whether or not consummated), and acquisition and financing costs, hedging, disposing of or otherwise dealing with investments, including, without limitation, any investment banking, engineering, appraisal, subscription database, environmental, travel, legal and accounting expenses (including without limitation, compensation payable to Great Falls as discussed below), any deposits and commitment fees and other fees and out-of-pocket costs related thereto, and the costs of rendering financial assistance to or arranging for financing for any assets or businesses constituting investments or for working capital; (ii) costs and expenses incurred in monitoring investments, including, without limitation, any engineering, environmental, third-party payment processing, licensing, filing, travel, legal and accounting expenses and other fees and out-of-pocket costs related thereto; (iii) taxes, fees or other governmental, regulatory, licensing, filing or registration fees or charges; (iv) costs related to litigation, arbitration, or other regulatory or tax proceedings, investigations or audits; (v) expenses and fees associated with third-party accountants, administrators, consultants, attorneys and tax advisors, (including Great Falls as discussed below), with respect to the Funds, including the preparation and auditing of financial reports and statements and other similar matters, and costs associated with the distribution of

financial and other reports to Fund investors, and costs associated with meetings of Fund investors; (vi) brokerage commissions; (vii) all expenses associated with obtaining and maintaining insurance; (viii) indemnification expenses; (ix) fees incurred in connection with the maintenance of bank or custodian accounts; (x) all expenses incurred in connection with the registration of the securities of such Fund; (xi) costs associated with meetings of Fund investors in such Fund and (xi) other operating expenses. For additional information regarding brokerage commissions, see Item 12 below. For more detailed information and a complete description regarding each Fund's fees and expenses please refer to the applicable Fund's Offering Documents.

Separate Accounts

Artemis will generally receive an annual management fee that is calculated as a percentage of a separate account investor's capital commitment or net invested capital. Artemis or its affiliates may also receive distributions of the profits from a Separate Account as its carried interest after the investors in the Separate Account have achieved the return hurdles applicable to such Separate Account.

The management fee generally will be paid by the Separate Accounts quarterly in advance as of the first business day of each calendar quarter. Carried interest distributions (if they apply) from the Separate Accounts generally are paid out as a distribution of net cash proceeds after the relevant return hurdles have been achieved. In the event that a Separate Account terminates during a period covered by management fees paid in advance, Artemis would pro rate such management fee and reimburse the Separate Account the portion of such management fee covering the remainder of the period.

Fees and carried interest paid to Artemis by Separate Account Clients are negotiable and vary. Fees are set forth in the governing documents, and/or investment management agreement applicable to the Separate Account Client, and are determined based on the Client's needs, the complexity of the Client's investment objective and the number of portfolio restrictions.

In addition to the management fee and carried interest distributions, a separate account client is responsible for certain expenses or charges incurred by or on behalf of the separate account, which may include the categories of expenses typically borne by the Funds (as described above under this Item 5 – "***The Funds***"), subject to the specific terms of the Separate Account negotiated with the applicable Separate Account investors.

* * *

To the extent fees, costs and expenses are incurred for the benefit of more than one Client (including items such as reporting, research, consulting and insurance), such expenses will be allocated among the relevant Clients (or, in certain cases, among the relevant Clients and Artemis). Such allocation will be made on a basis reasonably believed by Artemis to be fair and equitable based on the relevant facts, such as the relative sizes of the participating Client accounts, the activity of the Clients and the particular circumstances that caused the expense to be incurred with respect to each entity. Artemis regularly evaluates its allocation practices to ensure that such allocations are based on a sound method and accordingly such allocation practices may be subject to change.

Artemis Clients may pay fees to, or reimburse expenses, of certain Artemis affiliates or related parties, which will not reduce the management fees paid by the Funds or the Separate

Account Clients. Great Falls Advisors, LLC (“**Great Falls**”) provides legal, accounting and administrative services to the Funds, Separate Accounts and Artemis on a captive basis which would otherwise be performed by other third parties. Fees paid to Great Falls for services provided to Artemis and the Funds and Separate Account Clients are intended to provide a material cost savings to Artemis and the Funds and Separate Accounts relative to the cost of comparable third party services. The fees charged by Great Falls to Artemis and to the Funds and Separate Accounts are determined based on the overhead of Great Falls, including the salaries and benefits of Great Falls employees and owners. See Item 10. While fees related to services performed by Great Falls employees and owners for the Funds and Separate Accounts are generally subject to reimbursement by the applicable Fund or Separate Account, work performed by employees of Artemis and its affiliates are generally not subject to such reimbursement, even when performing functions for the Funds or Separate Accounts.

Neither Artemis nor its employees accept compensation for the sale of securities or other investment products to Clients.

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

Artemis may receive performance-based compensation from the Funds and the Separate Accounts in the form of carried interest distributions from the Funds and carried interest from the owners of the Separate Accounts, as applicable. Fees based on performance will only be charged in accordance with the provisions of Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Performance-based compensation may create an incentive for Artemis to cause the Funds or the Separate Accounts to make investments that are riskier than it would otherwise make. Fund investors and potential investors are strongly encouraged to carefully review the applicable Fund Offering Documents for more detail on: (1) how the performance-based distributions of each Fund are calculated and paid, including the associated methodology for valuing each Fund’s investments; and (2) the risks and conflicts associated with performance-based distributions.

In the event that some Client accounts are charged performance-based compensation but not others, a conflict of interest may arise where Artemis has an incentive to treat some Client accounts preferentially as compared to others because those Client accounts pay performance-based compensation. Such a conflict could also arise because Artemis or one of its portfolio managers or affiliates has an interest in the Client account. In addition, although Artemis will generally be investing for a single Client with a particular strategy at any given time, there may be times where Funds and/or Separate Accounts pursue overlapping strategies and/or have overlapping investment periods. Artemis has adopted a policy to allocate portfolio transactions and investment opportunities across multiple Client accounts on a fair and equitable basis over time, notwithstanding any variation in compensation structure or the fact that any account is proprietary.

Item 7—Types of Clients

Artemis provides real estate related investment advisory services to Funds, which are structured as pooled investment vehicles operating as private investment funds, and to Separate Account Clients, which are generally structured as special purpose vehicles with one principal outside investor. The investors in the Funds and the owners of the Separate Accounts include private and public pension funds, fund of funds, high net worth individuals/family foundations and other investment funds and other types of institutional investors.

At this time, Artemis only provides investment advisory services to the Funds and the Separate Account Clients. Investment advice is provided directly to the Funds and not individually to the limited partners or investors of such entities. The Funds and the Separate Accounts are not registered under the Investment Company Act in reliance on Section 3(c)(7) of the Investment Company Act. Artemis generally requires investors in each Fund to make a minimum initial investment of at least \$10,000,000. Investors generally must be “accredited investors” under Regulation D of the Securities Act, who are also “qualified purchasers” under Section 2(a)(51)(A) of the Investment Company Act. Artemis generally requires investors in each Fund to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment in such Fund. The minimum contribution and investor requirements may be waived by Artemis in its sole discretion.

Each Fund may enter into a side letter or other similar agreement with a particular investor in such Fund without any further act, approval or vote of any other investors, which may have the effect of establishing rights under or altering or supplementing the terms of such Fund’s partnership agreement with respect to such investor in a manner more favorable to such investor than those applicable to other investors.

When deemed appropriate for a large or strategic investor, Artemis may establish a managed account, which could be subject to terms and fees that differ from those of the current Funds and Separate Accounts. Such managed account fee arrangements and terms will be individually negotiated. However due to the nature of the investments that Artemis manages, such Clients are expected to be sophisticated investors who are qualified purchasers and would likely be subject to significant account minimums.

Artemis also may organize or raise co-investment vehicles to accommodate the specific legal, tax or regulatory needs of certain investors or where the desired allocation of an investment opportunity is exceeded in view of investment size, type, available capital, diversification considerations, location, holding period, and other relevant considerations. One or more strategic investors or operating partners may also be provided co-investment opportunities. See Item 10.

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

Investment Strategies

Artemis’ investment strategies include direct and indirect investments in real estate and real estate-related assets in addition to investments in any debt or equity interests in real estate companies. The Firm reviews various industry, market and employment trends using a wide variety of private and public sources. In formulating its investment recommendations, the Firm’s acquisitions team reviews factors which generally include: demographic trends and outlook, historical and prospective employment growth, sector/industry breakdown of key employers, outlook for key local employers, real estate sales transaction history and current market inventory, local industry contacts, cost of living indicators, quality of life indicators, housing price trends, construction activity, replacement cost and building cost trends, local financial conditions, and the fiscal health of relevant local and state governments. Additionally, the Firm will utilize industry research (*e.g.*, industry periodicals and newsletters) and meet with local industry experts (*e.g.*, brokers, asset managers, regional banks and other professionals) as part of its due diligence process. The results of its analysis are incorporated into underwriting assumptions for transaction structuring, leasing activity, rental rate assumptions, exit strategies and disposition valuation.

The valuation process involves a thorough review of a number of different valuation metrics. In general, Artemis will construct a financial model and perform a Discounted Cash Flow (“**DCF**”) analysis for all prospective investments. This entails building a detailed financial model that quantifies management’s expectations as it relates to rental growth, financing terms and exit values among other factors. This model will take into account the historical operating performance of the potential investment to verify underwriting assumptions. Artemis will underwrite such prospective investments based on real estate fundamentals and not solely on financing or exit assumptions.

In considering potential investment opportunities, a number of analytical methods are utilized in an effort to achieve a thorough and in-depth assessment of the potential investment. Different elements of a transaction’s cash flow may be discounted with separate discount rates appropriate to the risk of each cash flow stream; however, Artemis will also require that the aggregate transactions meet its Clients’ overall IRR hurdle. In addition to the DCF approach, Artemis will also examine the following other indicators of value:

- (i) Market Comps – Artemis will review current and past sales in the market as a proxy for pricing and liquidity;
- (ii) Replacement Cost – Artemis will review current construction costs and other barriers to entry when valuing investments; and
- (iii) Relative Value – Artemis will compare the risk-adjusted returns of a potential investment to the risk-adjusted returns of comparable real estate investment opportunities.

Each Fund’s offering documents provide a more detailed disclosure of the potential risk factors associated with investing in such Fund.

GENERAL RISKS

Investing in securities involves risk of loss that investors must be prepared to bear. In general, among other investments and risks described more fully in the respective clients’ governing documents, the client account investments entail the following risks:

No Assurance of Investment Return: The operating results of client accounts, such as the Funds and the Separate Accounts (collectively, “**Portfolios**”) are dependent upon the availability of, as well as the ability of the adviser to identify, structure, consummate, leverage, manage and realize returns on investment opportunities. The availability of investment opportunities will be affected by conditions in the financial markets, the level and volatility of interest rates, the supply of capital for investment opportunities and the impact of legislation changing tax and accounting rules historically favorable to investments in real estate. There is no assurance that the Portfolios will be successful in identifying and consummating investments which satisfy its rate of return objectives or that such investments, once consummated, will perform as anticipated.

The Portfolios have limited operating history: The Portfolios are recently formed entities and have limited operating history upon which an investor can base an investment decision. Although the Firm’s management team has significant experience in the real estate business, their respective track records cannot be relied upon to predict future events. The past performance of the members of the management team is not a predictor of future results of the Portfolios.

Business Risk: The Portfolios focus their investments solely in direct and indirect real estate investments. The real estate investment business is highly competitive with the Portfolios' success dependent on their ability to compete with other providers of capital for real estate investments (including other Portfolios and real estate investment trusts). There can be no assurance that the Portfolios will be able to identify and consummate investments that meet the Portfolios' return objective or that the Portfolios will be able to fully invest its available capital.

Risk of Strategic Partnerships: The Portfolios may make investments in partnerships, joint ventures and other entities, which subject the Portfolios to particular risks not present in direct investments. These include the possibility that a co-investor or partner of the Portfolios might suffer financial difficulties or become bankrupt, or may at any time have economic or business interests or goals which are inconsistent or contrary with those of the respective Portfolios.

Economic Risk: The Portfolios real estate investments may be exposed to weakness in the U.S. real estate markets and the overall state of the economy. The effects of ongoing credit market challenges, combined with the ongoing correction in real estate market prices, could result in further price reductions in real estate values, potentially adversely affecting the value of the Portfolios' investments. In addition, declining economic conditions may have an adverse impact on tenants' and potential tenants' businesses and their operating incomes, which in turn could impair such tenants' abilities to make their rental payments and meet other obligations with respect to their leases, resulting in increased vacancies, decreased demand for rental space and declining rental values with respect to such space.

General Real Estate Risk: Real estate investments are generally illiquid and some are highly illiquid. Such illiquidity may limit the Portfolios' ability to vary its portfolio of investments in response to changes in economic and other conditions, including the ability to dispose of investments in a timely manner or for a profit. Changes in the real estate market may adversely affect the value of the real estate which underlies mortgage loans or other investments in real estate and thereby lower the value to be derived from liquidation.

Due Diligence Processes: There can be no assurance that the Portfolios' due diligence processes will uncover all relevant facts that would be material to an investment decision. In making the assessment and otherwise conducting customary due diligence, Artemis will rely on the resources available to them and, in some cases, investigations by third parties.

Lack of Diversification: While the Portfolios' investment strategies are intended to be diversified by asset type, number of assets and geographic location, the investments made by the Portfolios could potentially be concentrated in one investment type or in relatively few investment types. As a result, the aggregate return on the Portfolios' investments may be adversely affected by the geographic concentration of the Portfolios' investments or the unfavorable performance of a particular investment type and will be at a greater risk to overall changes in the economy or interest rates than if the Portfolios were less concentrated in a particular investment type or location.

Borrowing: The Portfolios' failure to obtain leverage at the contemplated levels, or to obtain leverage on attractive terms as determined by Artemis, could have a material adverse effect on the Portfolios and their targeted rates of return.

Use of Leverage: The use of leverage will subject the Portfolios to risks normally associated with debt financing, including the risk that the Portfolios' cash flows will be insufficient to meet

required payments of principal and interest, the risk that a decline in market value of an investment would increase the effective amount of leverage and trigger the violation of certain financial covenants resulting in a default under the loan, the risk that indebtedness on the investments will not be able to be refinanced or the risk that the terms of such refinancing will not be as favorable as the terms of the existing indebtedness. Moreover, if the Portfolios are unable to meet their debt obligations in general, there is a risk of loss of some or all of the Portfolios' investments through foreclosure or a financial loss if the Portfolios are required to liquidate assets, especially if liquidation is at a commercially inopportune time.

The Portfolios may incur indebtedness in which recourse is not limited to specific assets of the Portfolios and indebtedness which is collateralized by more than one of the Portfolios' assets, creating a situation where the Portfolios' investment in performing assets could be adversely impacted when those performing assets have been cross-collateralized with assets that become nonperforming.

The use of leverage by the Portfolios may create UBTI for tax-exempt investors.

Hedging Risk: The investments made by the Portfolios may be subject to fluctuations in interest rates which may not be adequately protected or protected at all, by the Portfolios' hedging strategies. The Portfolios may employ various hedging strategies to limit the effects of changes in interest rates, including engaging in interest rate swaps, caps, floors and other interest rate derivative products. No strategy can completely insulate the Portfolios from the risks associated with interest rate changes.

Regulatory Risks: The real estate industry is extensively regulated and subject to frequent regulatory change. The adoption of new legislation, changes in existing laws, or new interpretations of existing laws can have a significant impact on the methods of doing business, costs of doing business and amounts of reimbursement from governmental agencies. The Portfolios rely on various exemptions from federal and state statutes and rules, such as the Investment Company Act and the Securities Act, to operate without having to register under such statutes and rules. Loss of any such exemption, or a change in these statutes and rules or certain others, could impact each Portfolio's ability to continue to operate as it currently does. The Portfolios' exemption from certain investor protection laws means that the Portfolios' investors do not have the benefit of protections afforded by such laws, including the Investment Company Act and the Securities Act.

Tax Considerations: An investment in the Portfolios may involve complex U.S. federal income tax considerations that will differ for each investor. The investors will be required to take into account their allocable share of the Portfolios' items of income, gain, loss, deduction and credit, without regard to whether they have received or will receive any distributions from the Portfolios. Thus, an investor may be taxed on its distributive share of the taxable income of the Portfolios regardless of whether such investor receives any actual cash distributions from the Portfolios, and an investor's tax liability for any taxable year attributable to its investment in the Portfolios may exceed the cash distributed to such investor during the taxable year.

ERISA Considerations: Investors subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("*ERISA*") should consult their own advisors as to the application of ERISA to an investment in the Portfolios.

Environmental Risk: Real estate is subject to certain environmental risks associated with environmental claims, environmental regulations and occupational safety issues and concerns.

In addition to the risks described under “**General Risks**,” the material risks associated with the Portfolios include:

Distressed Debt: The Portfolios may invest in non-performing assets and non-performing loans that are subject to a higher degree of financial risk, and there can be no assurance that the Portfolios’ investment objectives will be realized or that there will be any return of capital to the Portfolios’ investors. Investing in distressed assets and distressed debt may subject the Portfolios to becoming involved in litigation with third parties, including litigation where the Portfolios could be subject to allegations of lender liability, and to risks associated with bankruptcy. Investments in properties operating in workout modes or under bankruptcy protection laws may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of an investor’s original investment. Under certain circumstances, payments to the Portfolios and distributions by the Portfolios to its investors may be reclaimed if any such payments or distributions are later determined to have been fraudulent conveyances or preferential payments under applicable law. Many of the events within a bankruptcy case are often beyond the control of the creditors. While creditors are generally afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of the Portfolios. Furthermore, there are instances in which the Portfolios, as a creditor, could potentially lose its priority if it was found to have exercised “domination and control” of a debtor to the detriment of the debtor’s business or the other creditors and equity holders. The potential for lengthy delays in bankruptcy cases could adversely impact the Portfolios’ return on investment.

Debt Investments in General: The commercial mortgage and mezzanine loans the Portfolios may acquire or make are subject to delinquency, foreclosure and loss which could result in losses to the Portfolios. Subordinated loans such as junior participations in mortgages and mezzanine loans have a risk of credit loss that is significantly enhanced due to the subordinate nature of such investments. The value of the Portfolios’ commercial mortgage loans will be influenced by the rate of delinquencies and defaults experienced on the commercial mortgage loans and by the severity of loss incurred as a result of such defaults. In turn, the rate of delinquencies and defaults and the severity of loss are subject to risk factors that include national, regional and local economic and real estate market conditions; the level and volatility of interest rates; the availability of capital and the appetite of lenders for refinancing; the term and structure of the mortgage loans; and the imposition of any limits to a lender’s ability to enforce its remedies or its avenues to legal and financial recourse against the borrower and/or any guarantors by applicable laws or by the terms of the loan documents. In certain circumstances, the creditor may also incur environmental liability for conditions existing at the underlying property.

Senior Housing Facilities: The Portfolios may, subject to certain limitations, invest in senior housing or nursing home facilities which subject the Portfolios to particular risks. These risks include significant governmental regulation of the ownership, operation, maintenance and financing of health care institutions. The operations of nursing homes are subject to Medicare and Medicaid, licensing and certification requirements of federal, state and local authorities (and periodic audits related thereto), fraud and abuse laws and regulations, and other legislative and regulatory developments (including as to reimbursement). In addition, transfers of operations of nursing homes and other healthcare-related facilities are subject to regulatory approvals not required for transfers of other types of commercial operations and other types of real estate-related

assets. In addition, the operators of healthcare industry facilities are competing with numerous other companies providing similar healthcare services or alternatives such as home health agencies, life care at home, community-based service programs, retirement communities and convalescent centers.

Valuation: The process of evaluating private equity investments can be highly subjective. Due to the nature of private equity investments, many of the portfolio companies invested in will not have Level I (unadjusted quoted prices) or Level II (direct or indirect observable inputs other than quoted prices, i.e. direct correlation) inputs available for valuation. As such Level III inputs will be used most often. Level III inputs are unobservable valuation data, allowing for situations in which there is little, if any, market activity for the asset at the measurement date. The Firm's valuation procedures are based on industry accounting and other industry standards. When market values are not available at the measurement date, the Firm must use a fair-value methodology when measuring assets under management and cannot simply rely on cost basis. Artemis values securities and instruments at their fair value in accordance with the Financial Accounting Standard Board's Accounting Standards Codification ("**ASC**") Topic 820-10, "Fair Value Measurements."

Securities based via fair value methodology are valued based on Artemis' judgment and estimation in accordance with the valuation policies and procedures of Artemis. Valuation methods, inputs and the pricing of events (such as impairment, a sale, a recapitalization, or a public offering) that produce a realized or unrealized gain or loss that may be recognized are inherently subjective.

Item 9—Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of Artemis or the integrity of its management.

Artemis has no information applicable to this Item.

Item 10—Other Financial Industry Activities and Affiliations

We are not, nor do we have an application pending to register as, a broker-dealer.

We are not, nor do we have an application pending to register as, a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Artemis does not recommend or select other advisors for its Clients.

Artemis does not provide property management services and does not have any property management affiliates.

* * *

Great Falls Advisors, LLC ("**Great Falls**") was established by Artemis to provide legal, accounting and administrative services to Artemis, the Funds, the Separate Accounts and other third parties, including emerging managers, in a cost-effective manner. An owner of Great Falls is a former Artemis employee, and certain principals and employees of Great Falls currently serve and

may continue to serve as principals or officers of Artemis. The employees of Great Falls are listed on our web site: artemisrep.com/people-insights. Certain employees and owners of Great Falls may also have or be granted in the future carried interest related to the performance of certain Funds or Separate Accounts. While Great Falls maintains its own office space in Washington D.C., Great Falls also shares office space with Artemis in Chevy Chase, MD, and Great Falls employees maintain Artemis email addresses. The fees charged by Great Falls to Artemis and to the Funds and Separate Accounts are determined based on the overhead of Great Falls, including the salaries and benefits of Great Falls employees, and are not intended to provide a profit to Great Falls, while providing a material cost savings to Artemis, the Funds and Separate Accounts relative to the cost of comparable third party services. The salaries earned by the owners and employees of Great Falls are approved by Artemis in connection with market pricing for similar services and in consultation with such owners and employees. Great Falls separately bills Artemis, the Funds and the Separate Accounts on an hourly basis based on the actual time spent on Artemis, Fund or Separate Account matters, as applicable. Fees paid to Great Falls are not shared with Artemis or the applicable Funds or Separate Accounts for which such services are provided, and neither fees nor cost reimbursements paid to Great Falls offset management fees paid to Artemis by the Funds or the Separate Account Clients. While Great Falls does not earn a material profit at the current time, it may determine to pursue greater profitability in the future, either by providing services to other clients, including emerging managers, or by setting fees that would allow it to earn a profit.

Certain conflicts of interest could arise in respect of the Great Falls relationship. Among other things, given the relationship of Artemis with Great Falls principals, Artemis may be incentivized to engage Great Falls to represent the interests of the Funds or Separate Accounts where the engagement of an independent firm by the applicable Fund would be appropriate or conventional. Artemis is strongly focused on the mitigating conflicts in respect of Great Falls and has established procedures to identify, evaluate and mitigate potential conflicts arising in connection with the Great Falls relationship. Additionally, the significant cost benefits of using Great Falls versus other third party service providers has been presented to the Artemis Funds' advisory committees and to Artemis' Separate Account Clients.

The investment activities conducted by Artemis on behalf of any of its Clients may be directly or indirectly competitive with the interests of other Clients, and conflicts may arise in determining whether an investment opportunity will be offered to any Client (including any individual Fund or Separate Account). While Artemis' desire is not to have Clients (particularly Funds) making investments that have overlapping investment strategies, in certain cases, Artemis does, and expects to continue to, advise Clients investing concurrently. For example, Fund II, the Healthcare Fund and the Separate Accounts invest concurrently. In addition, in limited circumstances, certain investment opportunities identified by Artemis may exhibit characteristics partially consistent with more than one such Fund or Separate Account investing concurrently. In such event, to ensure that investments are appropriately allocated in a manner consistent with the investment strategy (including risk and return profile) of an applicable Fund or Separate Account, Artemis will maintain a written allocation protocol setting forth pre-determined criteria and allocate investment opportunities in a fair and equitable manner based on such written protocols. Artemis is fully committed to allocating investment opportunities among Clients in a manner that is fair and equitable.

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

Artemis has adopted a Compliance Manual that addresses its particular business and compliance obligations under the Advisers Act. The Compliance Manual includes a Code of Ethics which generally sets the standard of ethical and professional business conduct that Artemis requires of its employees, requires employees to comply with applicable federal securities laws and regulations, and sets forth provisions regarding personal securities transactions by employees. Additionally, the Code of Ethics sets forth Artemis' policies and procedures with respect to material, non-public information and other confidential information, and the fiduciary obligations that Artemis and each of its employees owes to each advisory client. Clients or prospective Clients may obtain a copy of Artemis' Code of Ethics by contacting the Chief Compliance Officer, Brad Berkley at 202-370-7453 or at brad.berkley@artemisrep.com.

As a general matter, Artemis or its related persons may be invested in the Funds or Separate Account SPVs directly or indirectly through an affiliate and accordingly would have an economic interest that is the same or similar to the partnership interest of other investors in the Funds and Separate Account SPVs. Artemis or its related persons may also engage in securities transactions in which Fund or Separate Account Clients are invested, or recommend investments in portfolio companies in which Artemis or a related person has a beneficial or financial interest. Artemis will disclose the foregoing potential conflicts of interest to clients in the offering documents of the applicable Fund and agreements with Separate Account clients or, where applicable, obtain relevant consents from the Fund's Advisory Committee. Investments in the Funds and Separate Accounts made by Artemis related persons and personnel directly or through the applicable affiliate may not be subject to the management fee or incentive-based distributions described in Item 5 above.

Artemis and its related persons and entities may not purchase or sell any securities that they know will be, or currently are being, purchased or sold for the account of any advisory Client of Artemis, until after such time as all of Artemis' advisory Clients have completed such purchases or sales. In order to manage this conflict of interest, Artemis maintains a restricted list containing the names of securities which employees are generally prohibited from trading, and its Code of Ethics requires employees to obtain prior written approval from Artemis' Chief Compliance Officer (CCO) before engaging in any transactions in his/her personal account that involve the direct or indirect purchase or sale of any security that may be purchased or sold for a Fund or a Separate Account client. In addition, in order to manage conflict of interests in respect of investments that may be appropriate for the Funds or Separate Account clients, Artemis' Code of Ethics requires employees to obtain prior written approval from Artemis' CCO before engaging in any transactions for his/her personal account that involve the direct or indirect purchase or sale of any privately offered security. Such employee transactions will be reviewed in the best interests of the applicable Fund and will be denied by the CCO if there is risk of potential adverse consequences to any Client.

As required by Rule 204A-1 of the Advisers Act, Artemis requires its Access Persons to report all of their securities transactions on at least a quarterly basis and disclose their securities holdings upon employment and on an annual basis thereafter. Artemis also restricts the personal trading of its Access Persons. Artemis also maintains policies and procedures that are designed to prevent the misuse of material, non-public information and thus prevent insider trading. All Artemis personnel (including those not designated as "**Access Persons**") are required to certify on an annual basis their compliance with such policies and procedures as well as the Code of Ethics.

The Firm's personnel may work on other projects, including outside business affiliations, which could give rise to potential conflicts of interest with respect to time allocated to the Funds or to any particular Client. For example, Ms. Harmon serves on the Board of Directors of Forest City Enterprises, Inc. Additionally, as described above, the Firm may provide investment management services to other Clients, including Separate Accounts. The Firm's Compliance Manual and the Funds' governing documents contain guidelines for obtaining pre approval in respect of outside business activities, as well as monitoring and addressing any potential conflict of interest that may arise as a result of outside business activities. The Funds' governing documents also contain key person provisions tied to Artemis principals' devotion of time to the Funds. Depending on the facts and circumstances of a particular investment, the respective governing documents of the Funds may set forth restrictions of particular conflicts.

Artemis or its affiliates will generally also receive distributions of the profits from each Fund and certain Separate Accounts as its carried interest only after the investors in such Fund or Separate Account have achieved a 100% return on their aggregate capital contributions, plus a specified preferred return. The existence of the carried interest presents a potential conflict of interest in that it may create an incentive for Artemis or its affiliates to make more speculative investments on behalf of such Fund or Separate Account than such Fund or Separate Account would otherwise make in the absence of the carried interest. However, this risk should be substantially mitigated because Artemis and its affiliates are making substantial investments of their own capital in or alongside each Fund or Separate Account, without loans, along with the other investors and distributions of carried interest to the general partner are "back-ended."

Item 12—Brokerage Practices

Artemis principally invests in private securities. However, the Firm may from time to time purchase or sell publicly-traded securities through a broker and will, in those circumstances, seek "best execution" in light of the circumstances involved in transactions. In selecting a broker for any transactions, Artemis may consider a number of factors, including, for example, net price, reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security. Artemis will not obligate itself to obtain the lowest commission or best net price for its Clients on any particular transaction.

The Firm, as a matter of policy, does not effect soft dollar transactions and does not enter into soft dollar arrangements in respect of transactions for any of its Clients. If the Firm determines to use soft dollars in the future, such transactions will be made in a manner that satisfies the requirements of the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

The Firm does not take Client referrals for broker-dealers or participate in directed brokerage arrangement with Clients.

As Artemis deals primarily with private securities purchased directly from the issuer, Artemis will generally not be able to aggregate securities transactions for Clients. However, where available and appropriate, Artemis may aggregate purchases or sales of any security effected for a Client's account with purchases or sales of the same security effected on the same day for other Client accounts. When transactions are aggregated, the actual prices applicable to the aggregated transaction will be averaged, and all participating accounts will be deemed to have purchased or sold its share of the security, instrument or obligation involved at such average price. Further, all transaction costs incurred in effecting the aggregated transaction will be shared on a pro rata basis

among all participating accounts, except to the extent that certain broker-dealers that also furnish custody services may impose minimum transaction charges applicable to some of the participating accounts.

Item 13—Review of Accounts

The portfolio investments of each of the Funds and the Separate Accounts are regularly reviewed by a team of investment professionals. The team generally includes principal executive officers of Artemis and other investment professionals. These professionals monitor operations, overall performance, financial performance, and strategic direction of each portfolio company owned by each of the Funds and the Separate Accounts.

The specific parameters relating to the oversight and monitoring of the portfolio investments of the Funds for which there is shared oversight is set forth in the related offering document.

Generally, investors in the Funds and the Separate Accounts will receive written quarterly unaudited reports of performance and account balances from the Firm and annual audited financial statements. Artemis, in its discretion, may provide more frequent reports and/or more detailed information to all or any of the investors in the Funds and the Separate Accounts.

Item 14—Client Referrals and Other Compensation

While Artemis does not currently maintain any agreements for referrals of investors for the Funds, in the future Artemis may enter into written arrangements with third parties to act as solicitors for Artemis' investment management business. As applicable, all such compensation will be fully disclosed to each Client consistent with applicable law. All such referral activities will be conducted in accordance with SEC Rule 206(4)-3 under the Advisers Act, as well as relevant SEC guidance

Item 15—Custody

Pursuant to Rule 206(4)-2 (the "**Custody Rule**") Artemis and/or its affiliate(s) are deemed to have custody of Client assets by virtue of their status as the manager or general partner of the limited liability companies, limited partnerships and other special purpose investment vehicles advised by Artemis.

In accordance with the custody requirements under Rule 206(4)-2 of the Advisers Act, Artemis, as an adviser, is not required to comply with the account statement delivery obligation or the qualified custodian notification requirement under the Custody Rule with respect to any account of a pooled investment vehicle (i.e., a limited partnership, limited liability company or some other type of pooled investment vehicle), provided that the applicable vehicle:

- (i) is subject to an annual audit; and
- (ii) distributes its audited financial statements for each Fund, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles ("**GAAP**"), within 120 days of the end of the Funds' respective fiscal years (i.e., generally by April 30).

Item 16—Investment Discretion

Subject to any investment restrictions set forth in the Funds' governing documents, Artemis has discretionary authority to make the investment determinations without obtaining the consent of any investor of the applicable Fund before the transactions are effected.

Artemis' discretionary authority is derived from its authority as the investment manager of each of the Funds and its authority pursuant to an investment management agreement entered into by Artemis and each of the Funds.

Item 17—Voting Client Securities

In limited situations, Artemis may receive a proxy or corporate action from one of the Portfolios' investments. In such instances (except to the extent that a client otherwise instructs in writing), it will vote such proxy or move on such corporate action. Artemis has developed a written policy and procedures governing its activities in this area. In general, Artemis' proxy voting policy requires it to vote each Portfolio's proxies in the interest of maximizing investor value. To that end, Artemis will vote in a way that it believes is consistent with the best interests of each of the Portfolios. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote. If Artemis determines that it is facing a material conflict of interest in voting a Portfolio's proxy, Artemis will engage an independent third party to provide an independent recommendation on the direction in which Artemis should vote. The determination by the independent third party will be binding on Artemis. Artemis maintains a record of all proxy votes cast on behalf of each Portfolio. Investors in each Client may contact Artemis to obtain, free of charge, a copy of the proxy voting policy and/or information with respect to specific proxy votes. To receive such information contact the Firm's Chief Compliance Officer, please contact Brad Berkley at (202)-370-7453 or by email at brad.berkley@artemisrep.com.

Item 18—Financial Information

Artemis is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients.