

Firm Brochure

The Praedium Group LLC

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This brochure provides information about the qualifications and business practices of The Praedium Group LLC. If you have any questions about the contents of this brochure, please contact us at: (212) 224-5600, or by email at: pcalatozzo@praediumgroup.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority. The Praedium Group is registered with the SEC as an investment adviser. Registration as an investment adviser does not imply any level of skill or training.

Additional information about The Praedium Group LLC is available on the SEC's website at www.adviserinfo.sec.gov.

March 2016

1. Material Changes

There have been no material changes to The Praedium Group LLC (“Praedium”) business since its last annual update which was made in March 2015. Praedium is providing this information as part of our annual updating amendment.

Full Brochure Availability

The Firm Brochure for The Praedium Group LLC is available upon request by contacting Peter Calatozzo at 212-224-5600 or by email at pcalatozzo@praediumgroup.com.

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3. Advisory Business

- Firm Description and Principal Owners**

The Praedium Group LLC (the “Praedium” or “we”) is a Delaware limited liability company formed in 1991. Praedium serves as an investment manager for twenty investment funds and any parallel or alternative investment vehicles (individually, each a “Fund” and collectively, the “Funds”) listed in the table below. Praedium’s strategy consists of repositioning and otherwise enhancing real estate related assets, the values of which have been impaired by prior mismanagement, economic dislocation and other market inefficiencies. The Funds primarily invest in middle-market, capital-intensive and management-intensive assets in multiple property types.

As indicated in the following table, an affiliate of Praedium is the general partner of each Fund (“General Partner”).

Fund	General Partner
The Praedium Fund VII, L.P.	TPF VII GP LLC
The Praedium Fund VII-A, L.P.	TPF VII GP LLC
The Praedium Fund VII-B, L.P.	TPF VII GP LLC
The Praedium Fund VI, L.P.	TPF VI GP LLC
The Praedium Fund VI-A, L.P.	TPF VI GP LLC
The Praedium Fund VI-B, L.P.	TPF VI GP LLC
The Praedium Fund VI-C, L.P.	TPF VI GP LLC
The Praedium Fund VI-D, L.P.	TPF VI GP LLC
The Praedium Fund V, L.P.	PVP LLC
NYC Residential Fund, L.P.	NYC Residential Fund GP, L.L.C.
ONC Fund, L.P.	ONC GP LLC
Manhattan Valley Fund, L.P.	Manhattan Valley Fund GP LLC
Praedium VIII Multifamily Value Fund, L.P.	TPF VIII GP LLC
TPF VIII Co-Invest	TPF VIII Co-Invest GP LLC

TPF VIII Co-Invest II	TPF VIII Co-Invest II GP LLC
TPF VIII Co-Invest III	TPF VIII Co-Invest III GP LLC
TPF VIII Co-Invest IV	TPF VIII Co-Invest IV GP LLC
TPF VIII Co-Invest V	TPF VIII Co-Invest V GP LLC
TPF VIII Co-Invest VI	TPF VIII Co-Invest VI GP LLC
TPF VIII Co-Invest VII	TPF VIII Co-Invest VII GP LLC

Russell Appel, Floyd Lattin, Christopher Hughes and Mason Sleeper are the principals of Praedium (the “Principals”).

• **Description of Advisory Services**

Praedium serves as investment manager to each of the Funds pursuant to investment management agreements. As investment manager to the Funds, Praedium:

- Identifies and evaluates investment opportunities for the Funds;
- Structures and negotiates the terms of investments to be made by the Funds;
- Monitors review of all documents required to complete investment transactions of the Funds;
- Monitors the performance of investments of the Funds and, where appropriate, but only to the extent possible, (i) negotiates an active role in the management of the investments, (ii) assists senior management of each portfolio investment in identifying and hiring key employees and industry consultants, and (iii) provides advice to the management of each investment portfolio with respect to financial and corporate financial matters and overall strategic advice;
- Evaluates, structures and supervises, if appropriate, the timing and method of disposition or liquidation of investments; and
- Prepares and transmits the reports required to be prepared and transmitted to the limited partners of each Fund pursuant to their respective limited partnership agreement.

Praedium manages each Fund in accordance with the investment objectives and guidelines found in the Funds’ private placement memorandums and limited partnership agreements. Praedium does not tailor Fund investments to the requirements of individual investors in the Funds, and those investors do not have authority over or participate in the management of the Funds.

As of December 31, 2015, we manage approximately \$1,052,066,175 on a discretionary basis.

In addition to managing the Funds, Praedium also provides investment management services to a non-discretionary separate account. Praedium tailors separate account investments to the requirements of the client. As of December 31, 2015, we manage one separate account totaling \$175,641,061 on a non-discretionary basis.

4. Fees and Compensation

- **Description**

Under the management agreement for each of the Funds, Praedium is entitled to compensation for its services in the form of an annual management fee (the “Management Fee”), payable quarterly in advance. During the investment period (i.e., the period in which the General Partners invest Fund commitments), Management Fees are charged based on capital commitments, and thereafter Management Fees are charged based on invested capital.

The General Partner of each Fund is also eligible to receive an allocation of carried interest. The Fund offering and organizational documents or management agreement for each Fund, as applicable, include further details on fees, compensation and related matters.

Under the investment management agreement for the separate account Praedium is entitled to compensation in the form of a fixed management fee, based on the gross asset value and payable quarterly in advance. Praedium is also eligible to receive performance-based fees for the separate account. The investment management agreement contains further details on fees, compensation and related matters.

- **Fee Billing**

For the Funds, management fees and carried interest allocations are paid directly by the Funds, which are subsequently either deducted from an investor’s assets invested with Praedium at the payment date or withheld from distributions. Our management fee is paid quarterly in advance. Allocations of carried interest are collected as described in the limited partnership agreement for each fund.

For the separate account, a fixed asset management fee is paid on a quarterly basis. Performance-based fees are collected as described in the investment management agreement for the separate account.

- **Other Fees and Expenses**

Praedium’s management fees do not include all of the fees and expenses that investors in the Funds may bear. In addition to Praedium’s management fee and carried interest allocations, investors in the Funds will bear indirectly as partnership expenses their pro rata share of any fees and expenses charged by Praedium or the General Partners to the Funds, and deducted directly from the Funds. Those fees will vary, but typically include professional fees such as legal and

accounting fees. Such fees and/or expenses may be paid directly to third parties. Investors in the Funds may indirectly bear the following fees and expenses:

- Expenses of organizing the Funds and offering the limited partnership interests (other than placement fees) and all expenses incurred with respect to each closing of the Funds during the admission periods (which are capped as set in the governing documents of the Funds).
- All expenses incurred in connection with identifying, evaluating, structuring and negotiating any potential investment and the acquisition, holding, sale, proposed sale, other disposition or valuation of any investment, and dead deal expenses are borne by the Fund for which the investment is intended.
- All litigation-related and indemnification expenses, subject to certain limitations associated with the standard of care to which indemnified parties are subject
- All ordinary administrative expenses of the Funds, including fees of auditors, attorneys, appraisers and other professionals and the cost of reports to the partners.

This list is not exhaustive; investors in Funds are encouraged to review their applicable Fund offering materials and organizational documents or management agreement, as applicable, for a more extensive description of the fees and expenses associated with an investment in the Funds. For more information, see *Item 9– Other Financial Industry Activities and Affiliations* below.

- **Compensation for Sales and Conflict of Interest**

Neither Praedium nor any of its affiliates or employees accepts or otherwise receives, directly or indirectly, any compensation for the sale of securities or other investment products.

5. Performance-Based Fees and Side-By-Side Management

The General Partner of each Fund may receive a portion of the profits from the disposition of portfolio investments as a carried interest allocation. This amount equals a percentage (set forth in the governing documents of the Funds) of the amounts otherwise distributable to each investor after specific conditions are met, including the return of all capital contributed to the Fund by investors and the payment to investors of a preferred return on such contributed capital.

The potential receipt of this performance-based compensation by Praedium or Praedium's affiliate may create an incentive for Praedium to make investments on behalf of Funds that are riskier or more speculative than might be the case in the absence of the performance-based compensation arrangement. Notwithstanding this potential conflict, Praedium will select investments that it believes in good faith to be in the best interests of each Fund and appropriate to meet each Fund's investment objectives, consistent with the investment guidelines and risk profile disclosed in each Fund's offering and organizational documents. The applicable offering materials of each Fund contain further details regarding Praedium's investment allocation policies.

Praedium only manages Funds that pay performance-based compensation.

Compensation for Praedium's separate account management also includes a performance-based fee component.

6. Types of Funds

The Funds are pooled investment vehicles, whose investors purchase ownership interests in the Funds. The Funds' investors consist primarily of:

- Endowments and foundations
- State and municipal government agencies
- Public and private pension plans
- Insurance companies
- Investment companies
- Trusts and estates
- Charitable organizations
- Corporations
- Business entities other than those listed above

All investors are subject to applicable suitability requirements identified in each Fund's offering and organizational documents and relevant management agreement, as applicable. Each investor in the Funds must be an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended, and investors in certain Funds must be "qualified purchasers" as defined in the Investment Company Act of 1940, as amended.

7. Methods of Analysis, Investment Strategies and Risk of Loss

• Methods of Analysis and Investment Strategy

Praedium applies a value-oriented, flexible approach to investing in real estate. Our basic investment strategy consists of identifying market inefficiencies and enhancing underutilized assets. In managing the Funds, we focus on assets that are not broadly or well marketed, that are located in historically liquid markets and to which value can be added through active management and leasing.

We pursue investment opportunities which demonstrate strong potential for value enhancement. We believe that local imbalances between supply and demand and capital market illiquidity will continue to generate attractive opportunities for acquiring assets below replacement cost with the

potential for creating value. Value enhancement may be achieved through change of use, capital restructuring, strategic capital expenditures and tenant improvements, proactive leasing, the implementation of cost-reduction programs and other types of repositioning. While we derive a substantial portion of our returns through skilled management of properties that provide current income, we also have a strong sell discipline. Praedium carefully evaluates the optimal time for the sale of an asset and considers the broadest possible range of exit strategies in order to maximize returns.

In order to achieve more advantageous pricing and flexible structuring, we generally try to avoid trophy properties and highly competitive auctions, preferring transactions that are either privately negotiated or otherwise attract limited competition.

Praedium uses an integrated, hybrid approach to its asset management activities that focuses on both asset-level and portfolio-level strategies to maximize the overall performance of our investment portfolio.

Praedium's property level asset management is supplemented by the local team of our third party property manager. We seek to pair each investment thesis or business plan with a third party property manager who has the specific capabilities required to execute the asset's business plan. We work with third party property managers to oversee the implementation of each asset's business plan, including pro-forma budgeting, ongoing capital expenditures, tenant improvements and leasing.

We have a well-defined investment process that incorporates a high degree of teamwork, checks and balances, risk management and oversight. The key elements of this process include:

- *Market Evaluation.* We continually assess our investment focus, making refinements as the real estate market evolves. We hold regular weekly meetings to discuss the acquisition of potential investments and the asset management and disposition of existing investments. These meetings provide a forum in which current transactions, market trends and financial developments are continuously evaluated.
- *Deal Sourcing.* Our broad network of local service providers and industry contacts assists us in sourcing private-market transactions and prompting a strong pipeline of deal flow.
- *Due Diligence.* We undertake comprehensive due diligence to identify and mitigate potential risks. This due diligence process includes macroeconomic and real estate market reviews, financial analyses and legal and environmental assessments. More specifically, we evaluate rent and sales comparables, engineering reports and leases to complete a thorough analysis before closing a transaction.
- *Debt Capital Sourcing.* We strive to optimize each investment's capital structure with favorable pricing and terms. We believe our credibility within the banking and financial communities afford us a quicker response and a higher certainty of closing.

- *Asset Management.* We continuously monitor performance against established targets and manage assets on a proactive basis in order to maximize exit values. We work with local service providers to oversee the implementation of each asset's business plan, including pro forma budgeting, ongoing capital expenditures, tenant improvements and financial performance.
- *Financial Controls and Reporting.* We are managed by a finance team with extensive experience in reporting to institutional investors. We have the ability to (i) customize our reporting to fit the specific needs of investors on a timely and accurate basis and (ii) provide financial controls, valuation and compliance on the individual asset level.
- *Asset Dispositions.* Our hold/sell analysis considers developments in property valuation levels, cash flow expectations for specific investments and investment sales trends. The business plan and exit strategy for each individual asset are periodically updated in an effort to take advantage of market conditions.

• **Material Risks**

An investment in a Fund entails a high degree of risk. Only sophisticated institutions and individuals should invest in a Fund. Investors should not invest their entire investment portfolio in a Fund. Investors should seek to fully understand the potential risks and benefits of investing in a Fund. Investors should consider whether they can bear the risks of an investment in a Fund. Prospective investors should carefully consider various factors, including the following non-exhaustive list of such risks:

- No established market for potential investments exists
- Absence of operating history of newly formed Funds
- Illiquidity of investments
- Changes in legal, fiscal, and regulatory regimes
- Nature of equity or equity-related investments
- Dependence on Praedium's key personnel
- Deterioration of the credit markets
- Debt market conditions
- Portfolio concentration
- Investment environment and market risk
- Inflation
- Market volatility risks
- Risk of loss of entire investment

Real estate markets may fluctuate substantially over time. As recent global and domestic economic events have indicated, performance of any investment is not guaranteed. Although Praedium will attempt to manage those risks through careful research, ongoing monitoring of investments, and active participation, the properties, mortgages, securities and other investments purchased by the Funds might in fact decline in value or the Funds might incur significant losses. The past investment performance of the Funds cannot be taken to guarantee future results of the

Funds or any investment in the Funds. Praedium does not guarantee any level of performance or that investors in the Funds will not experience a loss of their account assets. The Funds might not be able to generate positive returns and the returns might not be commensurate with the risks inherent in their investment strategy. The marketability and value of any investment made by the Funds will depend upon many factors beyond the control of the Funds. The expenses of the Funds may exceed their income. An investor in a Fund could lose the entire amount of its contributed capital. Therefore, an investor should only invest in a Fund if the investor could withstand a total loss of its investment. In addition, all prospective investors are required to represent that they are investing in reliance on their own tax, legal and financial advisers and not on any advice or recommendation of Praedium.

- **Risks of Real Estate Ownership**

Real estate historically has experienced significant fluctuations and cycles in value and specific market conditions may result in reductions in the value of real property interests. The marketability and value of the real property interests will depend on many factors beyond the control of Praedium, including: (i) changes in general or local economic conditions; (ii) changes in supply of, or demand for, competing properties in an area; (iii) changes in interest rates; (iv) the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and occupational safety; (v) unavailability of mortgage funds that may render the sale of a property difficult; (vi) the financial condition of tenants, buyers and sellers of properties; (vii) changes in real estate tax rates and other operating expenses; (viii) the imposition of rent controls; (ix) energy and supply shortages; (x) various uninsured or uninsurable risks; and (xi) acts of God and natural disasters. In addition, general economic conditions in the United States, as well as conditions of domestic and international financial market, may adversely affect operations of the Funds. Moreover, while Praedium generally intends to purchase or cause to be purchased insurance to cover casualty losses and general liability, such insurance may not be available or may be available only at prohibitive costs to cover losses from ongoing operation and other risks such as earthquake, flood, environmental contamination or terrorism.

- **Conflicts of Interests Related to Selection of Financing Arrangement Providers**

Praedium has the discretion to select providers of financing to investments in which its Clients hold an interest. This creates an incentive for Praedium to select financing arrangement providers based on the potential benefit to Praedium, rather than to its Clients. For example, Praedium may select a financing provider with which it has a relationship (such as a limited partner of one of its Client Funds). Praedium addresses these conflicts of interest by using reasonable diligence to ascertain whether each financing arrangement provider provides financing on a "best execution" basis, taking into account factors such as expertise by property type, amount of proceeds, competitiveness of rates, prepayment flexibility, servicing, and other loan terms, in comparison with other providers satisfying Praedium's selection criteria.

8. Disciplinary Information

Praedium does not have any legal, financial or other “disciplinary” item to report. As a registered investment adviser, Praedium is obligated to disclose any disciplinary event that would be material to the investor when evaluating a fund/adviser relationship. On occasion, in the ordinary course of its business, we are named as a defendant in a lawsuit or arbitration. We do not believe that any current litigation to which we are a party will have a material adverse effect on us and/or our Funds.

9. Other Financial Industry Activities

Various potential and actual conflicts of interest may arise from the overall investment activities of Praedium and its affiliates. The following briefly summarizes the principal conflicts, but is not intended to list all conflicts. The references to Praedium in this section include Praedium’s affiliates, partners, members, managers, shareholders, officers, directors and employees.

Allocation of Personnel. Praedium and its affiliates will devote as much time as they consider necessary to conduct the business affairs of the Funds in an appropriate manner. However, Praedium personnel also work on other projects therefore, conflicts may arise in the allocation of personnel.

Other Funds; Allocation of Investment Opportunities. During the investment period, Praedium is required to refer, as a potential investment for the applicable Fund, each private real estate investment opportunity (i) in which the equity investment that is available to it, is at least \$5,000,000, and (ii) that fits the investment objectives and criteria of the Funds; except to the extent that the limited partnership agreement of the Fund permits an investment opportunity to be allocated to another Fund. In addition, if any such private real estate investment opportunity has been rejected by Praedium, none of the Principals (as long as they are actively involved in the management of the General Partners and Praedium), the General Partners, Praedium and any affiliate of the Principals will invest therein without the consent of the respective advisory committee. An advisory committee is a committee comprised of representatives of certain limited partners of a Fund, which consults with the General Partner on various matters relating to the Fund.

For the separate account, Praedium is required to refer to the client each potential private real estate investment opportunity (i) in which the equity investment that is available to it is at least \$50,000,000 and (ii) that fits the investment objectives and criteria of the separate account.

Fund Investor Side Letters. Praedium may enter into “side letters” with investors in the Funds, which allow for certain additional rights in the event of tax, regulatory or legal circumstances applicable to such investors.

Prospective investors should review the applicable Fund offering materials and organizational documents or management agreement, as applicable, for a more extensive description of the potential conflicts of interest associated with an investment in the Funds.

10. Code of Ethics, Participation or Interest in Fund Transactions and Personal Trading

Praedium owes a fiduciary duty to its Funds. Accordingly, we have a duty of loyalty, fairness and good faith to our clients. Employees must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of the Funds.

All of our employees must promptly report any violations of the Code of Ethics to the Chief Compliance officer. All reported Code of Ethics violations will be treated as being made on an anonymous basis.

The following set of principles frame the professional and ethical conduct that Praedium expects from its employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, the Funds, investors, prospects, service providers and fellow employees;
- Place the integrity of the investment profession, the interests of the Funds and investors, and the interests of Praedium above one's own personal interests;
- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- Avoid any actual or potential material conflict of interest, unless fully disclosed and expressly or implicitly consented to by the applicable Fund;
- Conduct all personal securities transactions in a manner consistent with Praedium's policies;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect favorably on Praedium employees and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the Federal Securities Laws.

You may request a copy of Praedium's Code by contacting Peter Calatozzo, General Counsel, at (212) 224-5600 or pcalatozzo@praediumgroup.com.

11. Brokerage Practices

Praedium has discretion to select which broker to use in acquiring or disposing of investments for the Funds. We do not receive any incentive to select or recommend a broker and are prohibited from selecting an affiliate to act as broker. The Funds pay for brokerage fees or expenses incurred in acquiring investments for the Funds. Moreover, we are obliged to use reasonable best efforts to obtain a favorable price and execution of our purchase and sale transactions in light of the overall quality of brokerage services available to us. Best execution is not limited to obtaining the lowest possible commissions exclusively but instead also considers other factors, including a broker's execution capability, accuracy of execution, commission rates, research, reputation and integrity, fairness in dispute resolution, financial responsibility, and responsiveness.

12. Review of Accounts

- **Review of Accounts**

Company personnel monitor the Funds' and separate account's investment positions on a regular and current basis and review them for general portfolio composition, overall market conditions and opportunities to exit the investments. Praedium may periodically review on an expedited basis the assets of the Funds following a unique occurrence in the financial industry or market generally.

- **Reports to Fund Investors**

Investors in the Funds and separate account generally will receive quarterly reports which will include capital balance and fund performance statistics. Investors also will receive annual audited financial statements for the Fund in which they are invested.

Certain investors in the Funds may request information relating to the Funds. If the requested information is readily available or may be obtained without unreasonable effort or expense, Praedium generally provides the information requested. Consequently, these investors will possess information regarding the business and affairs of the Funds that may not be known to other investors. As a result, certain investors may be able to take actions on the basis of this information which, in the absence of such information, other investors do not take.

13. Fund Referrals and Other Compensation

We or our affiliates have in the past and may in the future pay third-party solicitors a portion of the Management fee and/or performance fee paid to Praedium or Praedium's affiliates (although other payment arrangements could exist) to solicit prospective investors in the Funds. A prospective investor solicited by a third party will be informed of (and asked to acknowledge in writing its understanding of) any such arrangement. All fees for such solicitation services will be ultimately borne by Praedium and neither the Funds nor the investors in the Funds will be charged any increased or additional fees or charges. In the U.S., third-party solicitors will be

registered as broker-dealers with the SEC or registered representatives of registered broker-dealers. Third-party solicitors outside the U.S. will be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.

Praedium also has in the past and may in the future pay fees to consultants for their advice and services, industry information and data.

14. Custody

Praedium is deemed to have custody of certain funds or securities of its Funds. Rule 206(4)-2 (the “Custody Rule”) under the Advisers Act defines custody as holding fund securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a fund’s accounts or ownership of or access to Fund money or securities (such as through fee deductions). Praedium is deemed to have custody of the Funds’ funds or securities under the Custody Rule because the General Partners of the Funds are affiliates of Praedium and are deemed to have custody of such money and securities. As a result of Praedium’s constructive custody of certain Fund money or securities, Praedium has developed procedures that ensure the safeguarding and protection of the assets.

With the exception of certain assets, which are defined as “privately offered securities” per the Custody Rule, all Funds’ assets are held in custody by unaffiliated broker-dealers or banks acting in the capacity as a “qualified custodian”.

The Funds financial statements are audited annually by a nationally recognized public accounting firm registered with the PCAOB and the audited financial statements are distributed to each investor in each Fund. The audited financial statements are prepared in accordance with generally accepted accounting principles.

15. Investment Discretion

Praedium is authorized to manage the Funds on a discretionary basis, subject to the overall supervision of the applicable General Partner, in accordance with the investment guidelines, limitations, other provisions and terms set forth in the Funds’ limited partnership agreements.

In addition, Praedium manages a non-discretionary separate account. Praedium tailors the separate account investments to the requirements of the client set forth in the advisory agreement.

16. Voting Fund Securities / Proxy Policy

Most of the securities owned by Praedium are not associated with voting rights. To the extent that Praedium owns or acquires securities with voting rights, it is Praedium’s policy to vote proxies in the interest of maximizing value for the Funds. Proxies are an asset of the Funds, and are treated with the same care, diligence, and loyalty as any asset belonging to a Fund. To that end, Praedium will vote in a way that it believes, consistent with its fiduciary duty, will result in the

greatest increase or smallest decrease in the value of the issue. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote.

Investors may request a copy of the Proxy Policy and the voting records relating to proxies by contacting Peter Calatozzo, General Counsel, at (212) 224-5600 or pcalatozzo@praediumgroup.com.

17. Financial Information

Praedium has never filed for bankruptcy and is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its clients.