

# Gamma Real Estate Capital Management, Inc.

## Client Brochure

*This Brochure provides information about the qualifications and business practices of Gamma Real Estate Capital Management, Inc. If you have any questions about the contents of this Brochure, please contact us at 212-922-0222 or [misrael@gammare.com](mailto:misrael@gammare.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.*

*Gamma Real Estate Capital Management, Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.*

*Additional information about Gamma Real Estate Capital Management, Inc. is also available on the SEC's Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

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New York, New York 10178  
212-922-0222**

**Mach 31, 2015**

## **Item 2 – Material Changes**

On an annual basis, this item will be used to provide clients with a summary of all material changes made to the Brochure since the last annual update. Gamma Real Estate Capital Management, Inc. (“Gamma” or “Firm”) will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of its business’ fiscal year-end.

Further, Gamma will provide clients with a new Brochure as necessary based on changes or new information, at any time, without charge. As this is the Firm’s initial filing there are no changes to be disclosed under this item at this time.

Currently, Gamma's Brochure may be requested by phone at 212-922-0222.

Additional information about Gamma is also available via SEC's Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's Web site also provides information about any persons affiliated with Gamma who are registered, or are required to be registered, as investment adviser representatives of Gamma.

Since this is the Firm’s first Disclosure Document, Form ADV Part 2A, the Firm has experienced no material changes.

## Item 3-Table of Contents

ITEM 2: MATERIAL CHANGES.....	2
ITEM 3: TABLE OF CONTENTS .....	3
ITEM 4: ADVISORY BUSINESS.....	4
ITEM 5: FEES, COMPENSATION AND TERMINATION OF SERVICES .....	6
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT .....	8
ITEM 7: TYPES OF CLIENTS .....	9
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	10
ITEM 9: DISCIPLINARY INFORMATION .....	14
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	15
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....	16
ITEM 12: BROKERAGE PRACTICES.....	18
ITEM 13: REVIEW OF ACCOUNTS .....	19
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION.....	20
ITEM 15: CUSTODY.....	21
ITEM 16: INVESTMENT DISCRETION.....	22
ITEM 17: VOTING CLIENT SECURITIES .....	23
ITEM 18: FINANCIAL INFORMATION.....	24

\* The SEC requires all investment advisers to organize their disclosure documents according to specific categories listed above, some of which may not pertain to Gamma Real Estate Capital Management, Inc.'s business. When a required category is not relevant to our business, we list the category and state that it does not apply.

## **ITEM 4: ADVISORY BUSINESS**

### **A. Firm Description**

Gamma Real Estate Capital Management, Inc. ("Gamma" and/or "Firm") is an investment adviser registered with the Securities and Exchange Commission ("SEC") and located in New York, New York.

Built on a customer oriented culture, Gamma seeks to provide sound investment advice that over time allows our clients' to reach their investment objectives. The Firm believes that a disciplined approach to investing is the best path to a successful strategy. Gamma employs a thorough examination of the clients risk and return objectives, as well as their restrictions to determine the best asset allocation and investment approach.

The only principal of Gamma who owns more than 25% of the Firm's shares is Jonathan Kalikow.

### **B. Types of Advisory Services**

Gamma provides investment advisory services primarily to private funds, whose investors may consist of corporate and private pension plans, sovereign wealth funds, foundations and endowments, wealth advisors, insurance companies, fund of funds, consultants, multi-family offices, single family offices, high net worth individuals, trusts, estates, and charitable organizations. Gamma may offer individualized advisory services to some or all of these same entities. We do not limit the types of advisory services we may provide to clients. In addition, we do not limit the type of securities we may recommend to our clients. Gamma may recommend investing in any security in any sector of the market in order to meet the investment objectives of our clients. Our services may include advice on private financial and market advisory services, on-going review and management of client portfolios with a global approach and constant review and analysis of real estate investment instruments and other opportunities in order to take advantage of those investments which may match our client's individual investment profile.

Investment advice and portfolio management services are provided on a continuing basis which includes the appropriate allocation of managed assets among real estate and private funds, which

may contain real estate. This selection of specific securities is intended to provide diversification and help meet the Client's stated investment objectives.

### **C. Client Tailored Services and Client Imposed Restrictions**

The Firm tailors each investment recommendation to the client's specific needs. Investment guidelines and restrictions, if such are imposed by the client, must be provided to Gamma in writing.

### **D. Wrap Fee Programs**

Gamma does not sponsor or manage a wrap fee program.

### **E. Amounts of Assets Under Management**

Gamma has assets under management, as of March 27, 2015, of \$0.

## **ITEM 5: FEES, COMPENSATION AND TERMINATION OF SERVICES**

### **A. Description of Compensation and Basic Fee Schedule**

The advisory fees will typically be a flat fee, as negotiated with each specific client, but in no event is this fee expected to exceed \$5,000 on an annualized basis.

In addition, in certain conditions and for certain clients, Gamma may charge an advisory fee based upon the assets under management in the client account. This fee may range from 1.00% to 2.00% of assets under management but may vary from client to client. This type of fee is generally calculated by multiplying the net equity value in an account on the last day of the calendar quarter, by the relevant percent and dividing such product by four. Accounts opened in mid-quarter will typically be assessed at a pro-rated management fee. Fees for the initial quarter will be typically adjusted pro-rata based upon the number of calendar days in the calendar quarter that the Agreement goes into effect. All advisory fees are negotiable.

Per the advisory agreement specific to each client, the initial term is expected to be one year and will be automatically renewed for an unlimited number of successive terms of one year each. The relationship between the parties may be terminated by either party upon 30 days prior written notice. Notwithstanding the above, if the appropriate disclosure statement was not delivered to the Client at least 48 hours prior to the Client entering into any written or oral advisory contract with this investment adviser, then the Client has the right to terminate the relationship contract without penalty, within five business days after entering into the contract.

### **B. Payment of Fees**

The advisory fees payable to Gamma are payable monthly, or quarterly, but no less than semi-annually, as specified in the investment advisory contract with each specific client. If the prepayment of the advisory fee will cause the advisor to have custody, the fee will be paid no less than quarterly. The advisory fees may be payable in advance or arrears, as specified in the investment advisory contract with the specific client. Such fees will be deducted from the client's account and typically paid within ten business days of the beginning of the next fee period, unless alternative payment arrangements are made by the Client and accepted in writing by the Firm.

### **C. Other Fees**

Clients may pay other fees or expenses associated with their account, but these fees will typically be paid by the fund to the General Partner of each specific fund. The General Partner will then pay Gamma's fee from the aggregate fee received from the specific fund for which they are the General Partner.

The fees and expenses paid by each specific fund are outlined in the Private Placement Memorandum ("PPM") specific to each fund. All investors in a fund will receive a PPM specific to their fund prior to their purchase.

### **D. Prepayment of Fees**

As noted above, fees may be payable either in advance or arrears, as specified in the respective advisory contract. The Client will typically be entitled to a pro rata refund of any pre-paid fee based upon the number of days remaining in the fee period after termination of their advisory agreement. In addition, the Client will typically pay a pro-rated fee should they execute their advisory contract during a fee period.

### **E. Other Compensation**

Neither the Adviser nor its supervised persons accept any compensation/commission for the recommendation of securities or non-securities products, including soft dollars or asset-based sales charges or service fees from the sale of mutual funds or insurance products.

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

The Firm will not earn any performance-based fees.



## **ITEM 7: TYPES OF CLIENTS**

Gamma provides investment advisory services primarily to private funds, whose investors may consist of corporate and private pension plans, sovereign wealth funds, foundations and endowments, wealth advisors, insurance companies, fund of funds, consultants, multi-family offices, single family offices, high net worth individuals, trusts, estates, and charitable organizations. Gamma may offer individualized advisory services to some or all of these same entities.

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

### **A. Methods of Analysis and Investment Strategies**

We strive to identify and recommend select real estate and/or other market opportunities to meet the specific needs of each of our clients.

The backbone of our investment advisory platform is our strict, disciplined and detail oriented investment vetting and underwriting process. Gamma strives to minimize risk borne by our clients as well as maximize our clients' returns by applying proven strategies developed over 40+ years of lending on and investing in real estate.

A balanced and diversified investment approach can help soften the impact, on a portfolio level, of unexpected material downward movements in economic fundamentals driving real estate valuations. Gamma strongly advises its clients to diversify both geographically and across sectors in an attempt to mitigate such movements and the myriad other risks inherent in real estate lending and investing.

To the extent a client intends to use leverage to achieve its investment objectives, Gamma advises clients to use leverage prudently in an effort to avoid adding unnecessary risks to a given investment or portfolio of investments.

Past performance is neither indicative of nor a guarantee of future results. Despite our best efforts, there can be no assurance that Gamma's clients investing based on advice provided by Gamma will achieve their investment objectives since investing in securities involves a risk of loss that clients should be prepared to bear.

## **B. Certain Risk Factors**

All investments carry some amount of risk. The accounts that Gamma manages, including the private funds may be subject to the some or all of the following principal investment risks:

**Credit Risks** – The risk that the portfolio could lose money if the issuer or guarantor of a fixed-income security, or the counter-party to a derivative contract, is unable or unwilling to meet its financial obligations.

**Counter-Party Risks** – A portfolio may incur a loss if the other party to an investment contract, such as a derivative, fails to fulfill its contractual obligation.

**Currency Risks** – The risk that foreign currencies will decline in value relative to the US dollar and affect a portfolio's investments in foreign (non-US) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-US) currencies.

**Debt Securities Risks** – The issuer of a debt security may fail to pay interest or principal when due, and changes in market interest rates may reduce the value of debt securities or reduce the portfolio's returns.

**Derivatives Risks** – The use of derivatives such as futures, options and swap agreements can lead to losses, including those magnified by leverage, particularly when derivatives are used to enhance return rather than offset risk.

**Emerging-Markets Risk** – Foreign investment risks are typically greater for securities in emerging markets, which can be more vulnerable to recessions, currency volatility, inflation and market failure.

**Equity Risks** – The risk that the value of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.

**ETF Risks** – A portfolio will be exposed indirectly to all of the risks of securities held by an ETF.

**Foreign Investment Risk** – Foreign investments face the potential of heightened illiquidity, greater price volatility and adverse effects of political, regulatory, tax, currency, economic or other macroeconomic developments.

**High-Yield Securities Risk** – High-yield securities have a much greater risk of default or of not returning principal and tend to be more volatile than higher-rated securities of similar maturity.

**Interest-Rate Risk** – The risk that fixed income securities will decline in value because of an increase in interest rates.

**Issuer Risk** – The value of a security may decline because of adverse events or circumstances that directly relate to conditions at the issuer or any entity providing it credit or liquidity support.

**Issuer Non-Diversification Risk** – The risks of focusing investments in a small number of issuers, industries, or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.

**Leverage Risk** – The risk that certain portfolio transactions may give rise to leverage, causing the portfolio to be more volatile than if it had not been leveraged.

**Liquidity Risk** – A security may not be able to be sold at the time desired or without adversely affecting the price.

**Market Risk** – The market price of securities held by a portfolio may rapidly or unpredictably decline due to factors affecting securities markets generally or particular industries.

**Mortgage and Asset-Backed Securities Risk** – These securities may decline in value when defaults on the underlying mortgage or assets occur and may exhibit additional volatility in periods of changing interest rates. When interest rates decline, the prepayment of mortgages or assets underlying such securities may require the reinvestment of money at lower prevailing interest rates, resulting in reduced returns.

**Regulatory Risk** – The risk that changes in government regulations may adversely affect the value of a security. An insufficiently regulated industry or market might also permit inappropriate practices that adversely affect an investment.

**Short Sale Risk** – The risk of entering into short sales includes the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to a portfolio.

Private Securities Risk – Private securities contain the risks of their respective public securities, but these risks can be magnified due to their illiquidity and lack of public knowledge on the business. These securities are inherently more risky.

Real Estate Risk – Real estate investments are subject to various risk factors and can be affected by changes in interest rates, the overall lending market, micro- and/or macro-economic policy shifts, and supply and demand.

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Gamma or the integrity of Gamma's services.

### **A. Criminal or Civil Action**

In the last 10 years, neither Gamma, nor any of our associated persons have been the subject of any criminal or civil proceedings, required to be disclosed under this item.

### **B. Administrative Procedure**

Neither Gamma, nor any of our associated persons have been the subject of any administrative proceedings in the last 10 years before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

### **C. Self-Regulatory Organization**

Neither Gamma, nor any of our associated persons have been the subject on any proceedings before a self-regulatory organization required to be disclosed under this item.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither Gamma nor its representatives are registered with a Broker/Dealer.

### **B. Registration as a Futures Commission Merchant (FCM), Commodity Pool Operator (CPO) or a Commodity Trading Adviser (CTA)**

Neither Gamma nor its representatives are registered as a FCM, CPO or a CTA.

### **C. Registration Relationships Material to This Advisory Business and Conflicts of Interest**

The Firm has no other relationships or arrangements that are material to its business or that would create a material conflict of interest.

### **D. Selection of Other Advisors of Managers and How This Adviser is Compensated for Those Selections**

It is not expected that Gamma will use the services of any other investment adviser in the performance of its advisory duties.

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

### **A. Code of Ethics**

Gamma has adopted a Code of Ethics for all supervised persons of the Firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Gamma must evidence by signature, an acknowledgement, acceptance, and understanding of the terms of the Code of Ethics, annually or as amended.

It is Gamma's policy that the Firm will not affect any principal securities transactions for client accounts. Gamma will also not normally affect cross trades between client accounts but may do so if a client wishes to liquidate a position and another client is interested in purchasing the security. Gamma does not anticipate executing agency cross trades on a discretionary basis but rather will receive approval from clients prior to execution. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated private fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker/dealer or has an affiliated broker/dealer.

Gamma's clients or prospective clients may request a copy of the Firm's Code of Ethics by contacting our offices at 212-922-0222.

### **B. Recommendations Involving Material Financial Interests**

Gamma anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Gamma has management authority to effect, and



will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Gamma, its affiliates and or clients, directly or indirectly, have a management or advisory position or interest. This relationship presents a conflict of interest in that the Firm may purchase, or recommend the purchase of, the securities based upon compensation the affiliate may receive rather than what is in the Client's best interest. The Firm mitigates this conflict by ensuring that it evaluates each security on its merits and whether it is appropriate for the Fund and its underlying investors.

### **C. Investing in the Same Securities as Clients**

Gamma's employees and persons associated with Gamma are required to follow Gamma's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Gamma and its affiliates may trade or invest for their own accounts in securities which are recommended to and/or purchased for Gamma clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Gamma will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code, certain classes of securities have been designated as exempt transactions, based on a determination that these would materially not interfere with the best interest of Gamma clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to Client trading activity. Nonetheless, because the Code of Ethics, in some circumstances, would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between Gamma and its clients.

### **D. Trading the Same Securities as Clients' Securities**

Please see the response to Item 8.C. above.

## **ITEM 12: BROKERAGE PRACTICES**

### **A. Selecting Brokerage Firms**

#### **1. Research and Other Soft Dollar Benefits**

The Firm does not accept any “soft dollar” payments from any third party or otherwise have any soft dollar arrangements.

#### **2. Brokerage for Client Referrals**

Gamma does not consider whether it or a related person receives referrals from a broker/dealer or third party when selecting or recommending broker/dealers to its Clients.

#### **3. Directed Brokerage**

Gamma, unless directed otherwise by the Client, will utilize unaffiliated broker/dealers selected by the Firm to execute transactions for its clients. The broker/dealer may execute fixed income and other transactions on a "riskless principal" basis and charges a mark-up or mark-down in connection with these transactions. This compensation is not shared with Gamma.

Although Gamma primarily uses one custodian, clients may direct the Firm to have their assets custodied at another Firm. This alternative relationship may have an adverse effect on the fees and commissions paid by the client directing the custodial relationship.

### **B. Aggregation of Securities for Multiple Client Accounts**

Whenever the Firm is buying or selling the same securities for multiple clients, it will endeavor to aggregate the transactions when possible in order to provide best execution for such clients.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. Periodic Reviews**

Gamma's Chief Compliance Officer reviews all accounts on a quarterly basis, and in conducting such reviews may compare each investment to ensure that each transaction is: (i) suitable to the respective Client's investment objective; (ii) meets that Client's quality standards; and (iii) to make sure that their investment objectives are still pertinent to the managed account arrangement.

### **B. Factors that Will Trigger Non-Periodic Reviews**

More frequent reviews may be triggered by material changes in variables such as the Client's individual circumstances or the market economic or political environment.

### **C. Reports Provided to Clients**

It is not expected that Gamma will provide any reports to its clients. It is expected that all reports, including those outlining the performance of the fund, will be provided by the General Partner of the specific fund.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Third Party Compensation**

Neither Gamma nor any of its supervised persons receive any economic benefit from any persons who are not the actual clients receiving investment advice.

### **B. Referrals**

Gamma does not have any referral agreements with third parties, whereby Gamma shares a percentage of its advisory fees or other revenue it receives from its business activities, as a result of such referral.

## **ITEM 15: CUSTODY**

Gamma does not hold monies, securities, or any other asset for the benefit of its clients. Clients should receive at least quarterly, statements from the broker/dealer, bank or other qualified custodian that holds and maintains clients' investment assets. Gamma urges its clients to carefully review such statements and direct any related questions to the Firm or the custodian issuing the respective statements.

## **ITEM 16: INVESTMENT DISCRETION**

Gamma typically receives discretionary authority from its clients at the outset of an advisory relationship. This discretionary authority allows Gamma to select which securities are to be purchased, sold or exchanged and the timing and price(s) of such transactions on behalf of a client's account. This discretion does not allow Gamma to withdraw a client's funds from their account without prior written authorization to do so. Gamma will supervise and direct the investments of the client accounts subject to such limitations as the client may impose in writing. When selecting securities and determining amounts, Gamma observes the investment policies, limitations and restrictions of the clients for whom it advises.

## **ITEM 17: VOTING CLIENT SECURITIES**

Gamma does not take any action or render any advice with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held in its clients' accounts.

## **ITEM 18: FINANCIAL INFORMATION**

### **A. Balance Sheet**

Gamma does not require, nor does it solicit, prepayment of investment advisory fees which would result in custody issues. Therefore, the Adviser is not required to include a balance sheet with this brochure.

### **B. Financial Conditions**

Neither Gamma nor its management have any financial conditions that are likely to impair the Adviser's ability to meet its contractual commitments to clients.

### **C. Bankruptcy Petitions**

Gamma has not been the subject of a bankruptcy petition in the last 10 years.