

Item 1 Cover Page

KABR Management L.L.C.

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Part 2A of Form ADV: Firm Brochure

March 31, 2017

This brochure provides information about the qualifications and business practices of KABR Management L.L.C. If you have any questions about the contents of this brochure, please contact us at (201) 845-2555. 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.

Additional information about KABR Management L.L.C. is available on the SEC's website at www.adviserinfo.sec.gov.

Any reference to KABR Management L.L.C. as a "registered investment adviser" or as being "registered," does not imply a certain level of skill or training.

Item 2 Material Changes

The most recent Part 2A of Form ADV for KABR Management L.L.C. was dated March 31, 2016. The material changes since the annual amendment are as follows:

- Item 4: Addition of KABR Management IV, LLC and updated the assets under management.
- Item 5 and Item 10: Updated description of certain other expenses and relationship regarding RAPAD.
- Item 8: Updated risk factors including around leverage

Item 3 Table of Contents

Item 1	Cover Page	1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	3
Item 5	Fees and Compensation	5
Item 6	Performance-Based Fees and Side-By-Side Management	7
Item 7	Types of Clients	8
Item 8	Method of Analysis, Investment Strategies and Risk of Loss	8
Item 9	Disciplinary Information	13
Item 10	Other Financial Industry Activities and Affiliations	14
Item 11	Code of Ethics; Participation or Interest in Client Transactions; Personal Trading	15
Item 12	Brokerage Practices	16
Item 13	Review of Accounts	16
Item 14	Client Referrals and Other Compensation	17
Item 15	Custody	17
Item 16	Investment Discretion	18
Item 17	Voting Client Securities	18
Item 18	Financial Information	18
Item 19	Requirements for State-Registered Advisers	18

Item 4 Advisory Business

A. Description of Advisory Firm and Principal Owners.

KABR Management L.L.C., a Delaware limited liability company (“*KABR Management I*”), and its affiliates, KABR Management II LLC, a New Jersey limited liability company (“*KABR Management II*”), KABR Management III LLC, a New Jersey limited liability company (“*KABR Management III*,” and KABR Management IV LLC, a New Jersey limited liability company (“*KABR Management IV*,”) and together with KABR Management I, KABR Management II, KABR Management III “*KABR Management*”), were formed to provide real estate-related investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended, and whose securities are not registered under the Securities Act of 1933, as amended (collectively, the “*Funds*”). Each KABR Management entity serves as the investment adviser and the managing member of a different Fund, but all of the KABR Management entities have jointly adopted, and are jointly subject to, a single code of ethics and a single compliance policies and procedures manual.

KABR Management has been in business since 2008, and is a fully integrated, highly diversified real estate company with expertise in real estate development, acquisitions, management, finance and sales. KABR Management is principally owned and managed by Kenneth Pasternak, Laurence J. Rappaport and Adam Altman (the “*Principals*”). The Principals average over 20 years of relevant experience.

While this brochure may be provided to, and include information relevant to, investors in the Funds, this brochure is designed solely to provide information about KABR Management and should not be considered to be an offer or a solicitation of an offer of interests in any Fund.

B. Advisory Services Offered.

KABR Management provides investment advisory services to the Funds, which invest in various real estate and real estate-related assets. Such services typically include, as applicable:

- sourcing, investigating, structuring and negotiating potential investments;
- acquiring and originating investments on behalf of the Funds;
- monitoring, developing, rehabilitating, managing and/or operating investments post-acquisition, including in collaboration with or through affiliated and unaffiliated third parties;
- reporting to the Funds on the performance of their investments;
- providing day-to-day managerial and administrative services to the Funds; and
- advising with respect to the timing and terms of disposition opportunities (including refinancing opportunities).

In pursuit of each Fund's investment objective, KABR Management uses a value-oriented combination of opportunistic acquisition philosophies with value enhancement programs. KABR Management's advice is generally limited to real estate and real-estate related investments, although it may provide advice with respect to certain other types of investments and transactions in various circumstances, including financing transactions and short-term liquid investments.

C. Individually Tailored Advisory Services.

As a general matter, the advisory services provided by KABR Management to the Funds are tailored to the investment objectives, strategies and guidelines set forth in the offering materials and other governing or constituent documents of each Fund (the "*Fund Documents*"). The advisory services provided to the Funds are not tailored to the individual needs of any particular investor in a Fund. However, depending on various factors, KABR Management may enter into agreements, commonly referred to as "side letters," with investors that may waive or modify certain terms applicable to their investment in a Fund, or provide certain rights in addition to those provided in the Fund Documents of the Funds.

D. Wrap Fee Programs.

KABR Management does not participate in wrap fee programs.

E. Assets Under Management.

As of December 31, 2016, KABR Management managed approximately \$302 million of Fund assets, all of which is managed on a discretionary basis.

The total Fund assets under management include gross real estate assets, real estate-related assets, securities, cash, uncalled capital commitment amounts, accounts receivable, security deposits, prepaid assets, short term investments and other assets net of indebtedness. Assets under management for Funds with investments in joint ventures are adjusted to reflect the total gross assets within the joint venture multiplied by each Fund's direct or indirect ownership percentage.

Item 5 Fees and Compensation

A. Description of Compensation.

KABR Management charges investment advisory fees (“*Asset Management Fees*”) to the Funds in consideration for its investment advisory services. Such fees are generally payable monthly in advance, depending on the Fund. Depending on the Fund, such fees are generally between 1% and 1.5% of capital commitments and/or total capital contributions and/or unreturned capital contributions made to each Fund and/or of Net Asset Value, and may vary based on the stage of investment of the Fund. The amounts of and the terms applicable to such fees may vary by Fund and are set forth in the Fund Documents of each Fund. Any such fees paid by the Funds are indirectly borne by the investors in the Funds.

KABR Management is entitled to receive distributions of investment proceeds from the Funds based on a percentage of the return on the invested capital of investors in the Funds, generally subject to certain conditions set forth in the Fund Documents of the Funds such as the prior return of capital to investors in such Funds and/or prior payment to investors in such Funds of a certain rate of return on invested capital. Such distributions to KABR Management are referred to as “*Carried Interest*.” For an additional discussion regarding the Carried Interest, please refer to *Item 6 – Performance-Based Fees and Side-by-Side Management*.

KABR Management generally may waive or reduce the Asset Management Fees and/or Carried Interest attributable to any investor in a Fund that permits KABR Management to do so; provided that if the Fund Documents of a Fund contains a “most-favored nations” clause (an “*MFN*”), KABR Management will not enter into a side letter or other written agreement with any investor in the Fund that has the effect of providing such investor with more beneficial terms than other investors in respect of the Fund, unless KABR Management offers the same terms to all other investors in the Fund.

In addition, affiliates of KABR Management may receive additional compensation as discussed under *Item 5(C) – Fees and Compensation—Other Fees and Expenses*.

B. Deduction of Fees.

Asset Management Fees are deducted from the assets of the applicable Funds and are generally payable out of current cash flow or disposition proceeds, or from drawdowns of the unfunded capital commitments of the investors in such Funds. Carried Interest amounts are distributed by the applicable Funds out of investment proceeds that are available for distribution. Investors in the Funds are not separately billed for services.

C. Other Fees and Expenses.

Each Fund generally bears all offering and organizational expenses (other than placement agent fees) incurred in connection with the organization of such Fund and related entities and the offering of interests therein as set forth in such Fund’s Fund Documents.

Each Fund generally bears all fees, costs and expenses related to such Fund's operation and administration, which may include:

- any fees, costs and expenses directly related to the purchase and sale of investments (including all out-of-pocket costs and expenses incurred in connection with prospective investments that are not consummated);
- any fees, costs and expenses directly related to the operation, improvement, leasing, development, redevelopment and renovation of real estate assets;
- costs and expenses related to environmental, property management, engineering and appraisal services, insurance premiums, leasing commissions, loan servicing fees and information services;
- principal, interest and other amounts payable in respect of permitted borrowings;
- custody fees and costs of other third party services, costs of performance calculation services, legal, accounting, administrative and other professional costs [(including in some cases any salary and other costs of internal legal, accounting, engineering, architectural and insurance personnel of KABR Management and its affiliates that are allocable to such Fund)];
- any indemnity or litigation expenses;
- all costs of such Fund's administration, including preparation of its financial statements and reports to investors in such Fund, Fund regulatory expenses, Fund information services expenses, costs of meetings, expenses relating to the investor committees, if any, including out-of-pocket expenses of its members;
- any taxes, fees or other governmental charges levied against such Fund; and
- certain other expenses as set forth in the Fund Documents of the applicable Fund.

Rapad Real Estate Management LLC ("*Rapad*") and/or another affiliate of the KABR Management (Rapad and/or such other affiliate, as the case may be, the "*Property Manager*") receives an annual property management fee from the Funds (the "*Property Management Fee*") of not less than three percent (3%) nor more than five percent (5%) of rents collected for managing properties acquired by the Funds. The percentage charged depends on the nature of the property acquired, the difficulty of managing the property, and the decision of the Principals of KABR Management.

KABR Management and/or the Property Manager and/or their affiliates may also perform certain services with respect to real estate investments by the Funds or portfolio entities through which they invest, including property management, leasing, development, construction management and other real estate-related services, and may be entitled to receive compensation from the Funds and/or portfolio entities in which such Fund invests in consideration for such services. KABR Management and/or the Property Manager and/or their affiliates or employees may receive transaction, monitoring, consulting, break-up and other similar fees in connection with investments made by the Funds. All or a portion of such fees may be applied to reduce the fees paid by the

Funds to KABR Management and/or the Property Manager, as set forth in the Fund Documents of the Funds.

Other fees and expenses, including marketing-related costs, may be charged to a Fund if provided for in the Fund's Fund Documents.

Although KABR Management does not generally use the services of broker-dealers, in the event it chooses to use a broker-dealer in connection with an investment or sale of securities by a Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please refer to *Item 12 – Brokerage Practices*.

The description of fees and expenses above is not intended to be exhaustive; prospective and existing investors in the Funds are advised to review the applicable Funds' Fund Documents for a more extensive description of the fees and expenses associated with an investment in such Funds.

D. Payment of Fees in Advance.

Asset Management Fees are generally payable monthly in advance. In the event that a Fund is liquidated on a day other than the last day of a month, KABR Management would *pro rate* the Asset Management Fee for such month and reimburse or return the portion of such fee covering the remainder of the month. Any such reimbursement would be made in accordance with the Fund Documents of the Funds.

E. Additional Compensation and Conflicts of Interest.

None of KABR Management, its affiliates, or any of their supervised persons accepts compensation for the sale of securities or other investment products.

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

As described in *Item 5 – Fees and Compensation*, KABR Management is generally eligible to receive the Carried Interest with respect to the Funds. The Carried Interest in respect of each Fund is generally 20%, and is calculated based upon a percentage of the Fund's return on invested capital across its entire portfolio, subject to certain conditions set forth in the Fund Documents of the Fund, such as the prior return of capital to investors and/or prior payment to investors in the Fund of a certain rate of return on invested capital (generally 6%). [Certain supervised persons of KABR Management, as direct or indirect equity owners of KABR Management, may be eligible to receive distributions attributable to KABR Management's receipt of Carried Interest in respect of the Funds].

Although not currently the case, in the future, the terms applicable to the Carried Interest may vary between Funds and/or supervised persons may be eligible to receive differing distributions in respect of the Carried Interest of different Funds. Accordingly, KABR Management and/or the supervised persons may have differing compensatory interests with respect to different Funds, and their differing compensatory interests may create stronger incentives for KABR Management and/or the supervised persons to offer investment opportunities to certain Funds. However, KABR Management's fiduciary obligations to act in the best interest of its clients obligate KABR Management to meet certain professional standards of care and mitigate potential conflicts of interest that may exist with respect to the allocation of time and resources between the Funds.

The existence of the Carried Interest may also create an incentive for KABR Management to make more speculative investments on behalf of the Funds than it would otherwise make in the absence of such performance-based compensation. However, KABR Management believes that this risk is mitigated to some extent because the Carried Interest attributable to each Fund is based on the success of such Fund as a whole and not any single investment made by such Fund. In addition, KABR Management's management and other personnel have made capital commitments directly or indirectly to certain of the Funds, which KABR Management believes should reduce any incentive to make more speculative investments. KABR Management also manages each Fund in accordance with the investment strategy disclosed in the Fund's Fund Documents to help ensure that investors are aware of the investment strategy and the risks associated with the strategy.

Item 7 Types of Clients

KABR Management provides investment advisory services to the Funds. The Funds are investment entities structured as Delaware limited liability companies and exempt from registration under the U.S. Investment Company Act of 1940, as amended. Investment advice is not provided directly to any investor in the Funds.

The investors in the Funds may include individuals, trusts and other investment entities or business entities, and may include, directly or indirectly, principals or other employees of KABR Management and its affiliates.

Each Fund requires a minimum investment, which is set forth in the Fund's Fund Documents, and is generally \$250,000. KABR Management, in its sole discretion, may accept investments that are less than the required minimum investment set forth in the applicable Fund Documents.

Item 8 Method of Analysis, Investment Strategies and Risk of Loss

KABR Management provides investment advisory services to the Funds. The investment strategies and objectives for each Fund are provided for in the Fund's Fund Documents. In general, these strategies, objectives and the risks related thereto are set forth below.

Primary Investment Objectives

The primary investment objective of each Fund is to acquire, operate and ultimately sell one or more real properties (the "*Properties*") located in the territory specified in the Fund Documents of each Fund (the "*Territory*"). KABR Management seeks to acquire Properties for the Funds that due to market conditions and the financial circumstances of the owners may be acquired at a discount to the long term fair market value of such Properties. Properties will be owned directly by a Fund or by joint ventures in which a Fund is a participant. Properties may in some cases be subject to either intermediate or long-term net leases. KABR Management may also acquire for the Funds unimproved Properties which are incidental to the acquisition of a related, improved Property, as well as some unimproved Property, with most if not all governmental approvals in place to erect one or more buildings and improvements. In addition to preserving and protecting each Fund's invested capital, the principal objectives of each Fund are to:

- provide capital gains through appreciation;

- build up equity through the reduction of mortgage loans where they exist on Fund Properties; and
- create a stream of income from the rental income and operation of the Properties available for distribution to investors in the Funds.

The investment objectives set forth above represent long-term goals, and the achievement of these objectives will depend upon a number of factors affecting market value, including, among other things, general and local economic conditions and KABR Management's ability to select suitable Properties for investment and to manage such Properties successfully.

To the extent that a Fund has available funds, KABR Management tries to make real estate investments in several Properties of different types and in various locations in an attempt to achieve diversification and thereby minimize the effect of changes in local economic conditions and certain other risks.

Methods of Analysis

KABR Management is managed by the Principals, a three-member team of professionals with extensive experience in real estate and related industries who assist in the sourcing of investment opportunities, the due diligence of potential investments and the ongoing management and development of portfolio assets. In evaluating potential investments, KABR Management conducts extensive due diligence, analyzing, as applicable:

- the value of the underlying real estate or real estate related-asset, including cash flow, performance history and projected future performance;
- characteristics of the geographic market in which the real estate or real estate-related asset is located;
- opportunities for leveraging KABR Management's and/or its affiliates' operating platform and experience in the development, construction, acquisition, financing and management of real estate assets;
- potential regulatory, tax, legal and accounting contingencies; and
- disposition strategies, including sale or refinancing of the underlying real estate or real estate-related asset.

Risk Factors

An investment in a Fund involves a high degree of risk. The Funds may lose all or a substantial portion of the value of their investments. Prospective and existing investors in a Fund should be prepared to bear the risk of loss and should review the Fund Documents for full details about the applicable Fund's investment, operational and other actual and potential risks.

Material risks relating to the Funds' investments include:

- *No Assurance of Investment Return.* KABR Management may not be able to execute a Fund's investment objectives or generate returns to the investors in the Fund commensurate with the

risks of investing in the types of transactions targeted by the Fund. An investment in a Fund should only be considered by persons who can afford a loss of their entire investment.

- *Reliance on Key Personnel.* The success of the Funds depends significantly upon the skill and expertise of KABR Management's investment professionals. Such professionals may not continue to be associated with KABR Management or its affiliates throughout the term of the Fund, and any departure or resignation of any key professionals could have an adverse impact on the performance of the Fund.
- *Risks of Real Estate Value.* Real estate historically has experienced significant fluctuations and cycles in value. The marketability and value of a Funds' real estate assets will depend on many factors, including: (i) changes in general or local economic conditions; (ii) changes in the supply of, or the demand for, competing Properties in a geographic 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) energy costs and energy supply shortages; (ix) various uninsured or uninsurable risks; (x) acts of God and natural disasters; and (xi) political developments. Where rents are based on a percentage of the gross receipts of retail tenants, a Fund's cash flow is dependent on the success achieved by such tenants. Where a Property is net leased to one major corporate tenant, a Fund's rental income from such Property may depend solely upon the creditworthiness of the tenant. KABR Management has not established any specific standards regarding the creditworthiness of such tenants. However, in purchasing any Property subject to an existing net lease, or in entering into a new net lease with a major tenant, KABR Management will consider all factors it deems relevant, including, but not limited to, the financial condition of the prospective tenant and its ability to operate the Property.
- *Competition for Real Property Investments.* KABR Management will be competing for Property investments with numerous other real estate investment funds, as well as with individuals, corporations, real estate investment trusts and other entities engaged in real estate investment activities. There is no assurance that KABR Management will be successful in obtaining suitable Properties for investment.
- *Liabilities Associated with Property Acquisitions.* A Fund may buy distressed real estate assets or interests in entities owning such assets. These acquisitions are subject to many risks. A Fund may acquire Properties that are subject to liabilities or that have problems relating to environmental condition, state of title, physical condition or compliance with zoning laws, building codes or other legal requirements. In each case, the Fund's acquisition of a Property may be without any recourse, or with only limited recourse, with respect to unknown liabilities or conditions. As a result, if any liability were asserted against the Fund, or if any adverse condition existed with respect to the Properties, the Fund might have to pay substantial sums to settle or cure it.
- *Recourse to Fund Assets; Indemnification.* A Fund's assets, including any investment made by the Fund and any monies held by the Fund, are available to satisfy all liabilities and other obligations of the Fund. Such obligations include the Fund's obligation to indemnify the

KABR Management, its affiliates, and other indemnified persons for liabilities incurred in connection with the affairs of the Fund.

- *Construction and Development Risk.* A Fund may own direct or indirect interests in Properties that require development, renovation and deferred maintenance. Real estate development involves the risk that work may not be completed within budget or on schedule because of cost overruns, work stoppages, shortages of building materials, the inability of contractors to perform their obligations under construction contracts, defects in plans and specifications or in construction, adverse weather or other factors. Any delay in completing a project may result in increased interest and construction costs, the potential loss of purchasers or tenants and the possibility of defaults under project financings.
- *Insurance Risk.* A Fund may take out insurance to cover a Property from certain risks. The costs of such insurance will be paid by the Fund. A risk remains that the scope and/or level of insurance coverage may be inadequate, losses may be incurred as a result of insurance oversights, excesses, claim disputes or claim rejections or no insurance cover will be obtained because it is cost prohibitive. If a major uninsured loss occurs, the Fund could lose profits from the Property or the entire Property.
- *Condemnation Risk.* Eminent domain, also referred to as a condemnation, involves a state action to seize property founded on a public purpose. In the event a Property is condemned, the state would be required to pay fair value. But there can be no assurance that KABR Management will agree with the fair value as determined by the state. Any condemnation process will likely be costly and time consuming and will undermine the contemplated investment program of KABR Management.
- *Risks of Leverage.* Certain investments of the Funds or the Funds themselves, may be subject to leverage. Leveraged investments are subject to increased exposure to adverse economic factors, such as a significant rise in interest rates or a severe downturn in the economy. Any leverage provided results in interest expense and other costs incurred in connection with such borrowings, which may not be covered by available cash-flow. While leverage may enhance the total return to investors, if investment results fail to cover borrowing costs, returns to the investors will be lower than if there had been no borrowings. A Fund may acquire Properties which have mortgages that do not provide for the amortization of the full principal amount of the related loan prior to maturity. Such mortgages involve greater risks than level payment, self-amortizing mortgages, because the ability of the Fund to repay at maturity the outstanding principal amount of the loan (referred to as a “balloon payment”) will generally be dependent upon the Fund’s ability to obtain adequate refinancing at such time or to sell its interest in a Property at the time a balloon payment is required. During periods when mortgage interest rates are relatively high, incurring indebtedness becomes relatively unattractive to borrowers generally, and, during such periods, a Fund may find it difficult to leverage its investments or sell its Properties on terms favorable to it.
- *Illiquid Investments.* Investments in real estate and real estate-related assets and securities may be highly illiquid. Accordingly, there can be no assurance that the Funds will be able to realize investments (in whole or in part) in a timely manner or at all. In some cases, the ability to dispose of investments may be hampered by the need to obtain governmental approvals or authorizations.

- *Distressed Pricing.* The investment strategies of certain Funds are partially based upon the premise that real estate businesses and assets will be available for purchase by the Fund at prices that KABR Management considers favorable. Further, the strategies of certain Funds rely in part upon favorable market conditions existing prior to the expiration of the term of the Fund. No assurance can be given that the Funds will be able to acquire investments at favorable prices, that the market for such assets will improve or that such assets can be disposed of during favorable market conditions.
- *Investments in Troubled Assets.* A Fund may make substantial investments in non-performing or other troubled assets that involve a greater degree of financial risk than other types of investments. In addition to the risks of borrower default, a Fund may be subject to a variety of risks in connection with such investments, including the risks of mismanagement or a decline in value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on the Fund's exercise of contractual remedies for defaults on such investments.
- *Joint Venture and Tenancy in Common Risk.* A Fund may make certain of its investments through a joint venture or tenancy in common arrangement. Such Fund may share control or have limited control over these entities and, therefore, may have only a limited ability to protect its interests in such investments. Investment through a joint venture or tenancy in common may, under certain circumstances, involve risks that would not otherwise be present. For example, a co-venturer or tenant-in-common may experience financial difficulties and may at any time have economic or business interests or goals that are inconsistent with the economic or business interests of a co-venturer or tenant-in-common. In addition, actions by, or litigation involving, a tenant-in-common might subject a Property owned through a tenancy in common to liabilities, which may adversely affect a Fund's investment in such Property.
- *Concentration of Investments.* The investments made by a Fund could be concentrated in one investment type or in relatively few investment types. As a consequence, the aggregate return on such Fund's investments may be adversely affected by the geographic concentration of such Fund's 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 Fund were less concentrated in a particular investment type or location.
- *Regulatory Considerations.* The real estate assets in which a Fund may invest may require the approval of governmental authorities and, in some cases, consents of third parties. There can be no assurance that any such approvals and consents will be obtained on a timely basis, if at all. The need to obtain such approvals and consents and otherwise to comply with regulatory requirements may cause significant delays in the development process for a given Fund investment, exacerbating the risk that changes in the local market will render a project economically unattractive.
- *Conflicts of Interest.* The investments of a Fund may be subject to various conflicts of interest, including those between investors in a Fund and between KABR Management and a Fund. The conflicts are more fully discussed in *Item 10 – Allocation of Investment Opportunities, Fees for Related Services, Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* and in each Funds' Fund Documents.

- *Restrictions on Transfer and Withdrawal.* Investors in certain Funds may not be able to sell, transfer or pledge their interests in such Funds except with the consent of KABR Management, which may be withheld in its sole discretion. Interests in a Fund may not be redeemable, and voluntary withdrawals may not be permitted, except when necessary to comply with particular laws, statutes, and regulations. No public market for interests in the Funds exists and none is expected to develop.
- *Tax Considerations.* The structure of a Fund or of any investment of a Fund may not be tax-efficient to any particular investor in such Fund.

Item 9 Disciplinary Information

There are no legal or disciplinary events that are material to a Fund or an investor in such Fund, or prospective Fund or investor, in their evaluation of KABR Management's advisory business or the integrity of its management.

Item 10 Other Financial Industry Activities and Affiliations

A. Broker-Dealer Registration.

Neither KABR Management nor any of its management persons is registered or has a pending application to register as a broker-dealer or a registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor.

Neither KABR Management nor any of its management persons is registered or has a pending application to register as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities.

C. Relationships Material to Advisory Business.

Except as described herein, neither KABR Management nor any of its management persons have any relationship or arrangement that is material to its advisory business or to the Funds with any related person who is a broker-dealer, municipal securities dealer or government securities dealer or broker; investment company or other pooled investment vehicle; other investment adviser or financial planner; futures commission merchant, commodity pool operator or commodity trading advisor; banking or thrift institution; accountant or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of limited partnerships.

Laurence Rappaport, a principal of KABR Management, is a licensed attorney at law. His firm, LJR Law, occasionally provides legal services to the clients of KABR Management, the Funds, and the underlying investments of these funds. The law firm seeks to provide legal services that benefit the clients due to superior attention at rates below what a comparable firm would charge.

KABR Management has a relationship with its clients, the Funds, which are pooled investment vehicles. Each of the KABR Management entities is affiliated with the other KABR Management entities, all of which engage in investment advisory activity and all of which are sponsors of limited

liability companies (i.e., the Funds). Each of the Principals of KABR Management provides services to each of the KABR Management entities and to each of the Funds.

The management of the Funds may result in conflicts of interests insofar as KABR Management and the Principals allocate their time and investment opportunities among the Funds. KABR Management generally addresses these conflicts as set forth above in *Item 6 – Performance-Based Fees and Side-By-Side Management*, and below in *E. Allocation of Investment Opportunities*.

D. Recommending Other Investment Advisers.

KABR Management does not recommend or select other investment advisers for its clients. But as noted above, KABR Management is affiliated with the Property Manager, which provides property management services to the Funds in exchange for the Property Management Fee. The selection of the Property Manager and the determination of the Property Management Fee may result in a conflict of interest on the part KABR Management. KABR Management generally addresses this conflict by limiting the range of the Property Management Fee percentage.

E. Allocation of Investment Opportunities.

Each KABR Management entity provides investment advisory services to a different Fund, and in the future additional KABR Management entities may be created to provide such services to additional Funds. The investment strategies of the Funds may overlap to some degree. In addition, KABR Management and its affiliates (other than KABR Management) engage in a broad spectrum of real estate investment activity that may overlap with Funds' investment strategies.

The Fund Documents of the Funds generally include restrictions on the allocation of investment opportunities, but may not include such restrictions in every case. In addition, the Fund Documents may include provisions allocating specific types of investment opportunities or certain Territories or other geographic locations to one or more Funds or other persons. In this regard, the Fund Documents of each Fund generally only permit the Principals to continue to be associated with and render services to other organizations, including affiliated organizations, and to engage in other real estate investment and management activities, in respect of which the Fund will not benefit (subject to the hereafter). In addition, the Fund Documents of each Fund generally restrict KABR Management from forming an enterprise or venture, including a new Fund, with similar purposes as an existing Fund with respect to the Territory in which the existing Fund operates, until the existing Fund has invested at least 85% of the proceeds of its offering.

Subject to any such restrictions and any other restrictions set forth in the Funds' Fund Documents, KABR Management generally has discretion to allocate investment opportunities using its best judgment, considering such factors as it deems relevant (including the size of the investment opportunity, the objectives of the applicable Funds, target rates of return, diversification considerations, risk profile, available capital and expected holding periods). Therefore, one Fund may compete with other Funds or other persons for investment opportunities.

In exercising its discretion, KABR Management may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, KABR Management may have an incentive to allocate investment opportunities to the Funds or other vehicles from which KABR Management or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit.

However, as an investment adviser registered under the Advisers Act, KABR Management is required to resolve any conflicts of interest on a fair and equitable basis.

F. Fees for Related Services.

As described above under *Item 5(C) – Fees and Compensation—Other Fees and Expenses*, KABR Management and/or the Property Manager and/or their affiliates may be entitled to receive fees from the Funds and/or portfolio entities in which they invest in consideration for certain services provided, including property management, real estate brokerage, loan servicing, leasing, legal services, development, physical security and construction management and other real estate-related services. The opportunity to earn these fees creates a potential conflict of interest between KABR Management and/or its affiliates, on the one hand, and such Funds and their investors, on the other hand, because (1) the amounts of such fees may be substantial and (2) although in some cases the amount of these fees may reduce future investment advisory fees paid by the Funds, the Funds and their investors generally do not have an interest in the affiliates receiving such fees. Except as disclosed in the Funds' Fund Documents, the terms of any fees and related services will be fair to the Funds and on terms no less favorable to the Funds than would be obtained on an arm's length basis, taking into account the nature of the transaction and the services provided.

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

A. Code of Ethics.

KABR Management has adopted a code of ethics which, among other things, requires its supervised persons and access persons, as applicable, to (1) serve the best interest of its clients in compliance with its status as a fiduciary; (2) comply with the letter and spirit of all applicable laws, rules and regulations; (3) report their personal securities transactions and holdings; (4) seek and obtain approval in writing prior to acquiring any direct or indirect beneficial ownership in any security in an initial public offering or in a limited offering; and (5) read, and agree to adhere to, the code of ethics. A copy of the code of ethics will be provided upon request to investors or prospective investors in the Funds.

B. Principal Transactions.

In limited circumstances, KABR Management may recommend that a Fund purchase from, or sell securities or other assets to, KABR Management, its affiliates or their personnel, or KABR Management may cause a Fund to do so. If KABR Management, its affiliates or their personnel were to engage in any such transaction, they would only do so in accordance with the requirements of Section 206(3) of the Advisers Act, including the requirement to obtain the prior consent of each Fund that is a party to the transaction. This prior consent may be obtained directly from the investors in the Fund or from an advisory committee comprised of certain representatives of the Fund participating in the transaction.

C. Investments in Securities Recommended by the Investment Adviser.

KABR Management, its affiliates and/or their personnel may have a direct or indirect financial interest in the securities and other assets purchased and sold by a Fund, including as a result of co-investment and Carried Interest arrangements. Further, personnel of KABR Management and its

affiliates have made personal investments through investment vehicles that invest in the Funds. These arrangements are intended to align the interests of KABR Management' personnel with the third party investors in the Funds.

D. Purchases of Securities by the Investment Adviser and the Clients at the Same Time.

To the extent KABR Management or any related person acquires a direct or indirect interest in the securities and other assets of a Fund through a co-investment, such persons will acquire and dispose of their interests in such securities and other assets at the same time and on the same terms as the Funds, except as otherwise disclosed in the Fund Documents of the Funds.

Item 12 Brokerage Practices

KABR Management typically provides advice with respect to investments in real estate, real estate-related assets or private real estate-related securities. In the limited circumstances where a Fund purchases public securities or holds such securities as a result of a portfolio entity becoming publicly traded, KABR Management will follow applicable SEC guidelines and seek to obtain best execution in executing such transactions. In selecting brokers and negotiating commission rates, KABR Management will look not just for the lowest possible commission cost or dealer spread, but also for whether the transaction represents the best qualitative execution, and therefore take into account several factors, including, but not limited to, the financial stability and reputation of the broker, listed bids and asks, speed of execution, the quality of investment research, trading style and investment strategies and special execution capabilities.

KABR Management has no arrangements with brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from client transactions (so called "soft dollar" and "cap-intro" arrangements).

Item 13 Review of Accounts

A. Monitoring of Accounts.

KABR Management's investment staff is responsible for reviewing and monitoring each Fund's investments on an ongoing basis. The investment staff includes KABR Management's Principals and executive officers and specialists in real estate investment analysis, research, management, and disposition. The investment staff is responsible for identifying, evaluating, structuring and negotiating real estate investments, overseeing the ongoing management of the real estate investments by the Property Manager or other servicers and for management or oversight of financings, recapitalizations and dispositions.

B. Review Triggers.

KABR Management monitors each Fund's performance and investments on an ongoing basis.

C. Reports to Clients.

Reports are prepared and furnished to investors in the Funds in accordance with the Fund Documents of such Funds. Generally, each investor in a Fund is furnished with (1) on a quarterly

basis, summary information with respect to each investment of the Fund, including investment amount and annualized, current and total accumulated distributions; and (2) on an annual basis, audited financial statements, summary information with respect to each investment and information to enable such investor to complete its U.S. federal income tax return with respect to such investor's investment in the Fund.

Item 14 Client Referrals and Other Compensation

A. Non-Client Compensation or Benefit.

KABR Management and/or the Property Manager and/or their affiliates may provide certain services to entities or with respect to Properties in the Funds' portfolios and may receive compensation from persons other than the Funds in connection with such services. These services are described in greater detail under *Item 5(C) – Fees and Compensation—Other Fees and Expenses*. Any compensation received in connection with such services may or may not offset all or a portion of the Asset Management Fees received by KABR Management from the associated Fund, depending on the Fund Documents of such Fund. To the extent any such compensation does not fully offset the Asset Management Fees received by KABR Management from the associated Funds, the persons receiving the compensation may be incentivized to devote a disproportionate amount of time and attention to such Funds. KABR Management generally seeks to address this potential conflict of interest by (1) agreeing with investors in certain Funds that the terms of any such dealing shall be fair to the Fund and on terms no less favorable to the Fund than would be obtained on an arm's length basis, taking into account the nature of the transaction and the services provided, and (2) maintaining policies and procedures designed to cause KABR Management, its affiliates and their personnel to satisfy their fiduciary duties to each Fund in connection with their activities.

B. Solicitation Arrangements.

From time to time, KABR Management or its affiliates may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a person investing in a Fund. Except as provided in the Fund Documents of a Fund, any fees and expenses payable to any such placement agents will be borne by KABR Management or its affiliates directly or indirectly through an offset against the Asset Management Fee payable by such Fund.

Item 15 Custody

KABR Management or its affiliates may have, or may be deemed to have, custody (within the meaning of Rule 206(4)-2 under the Advisers Act) of certain of the funds and securities of the Funds. Each investor in a Fund receives within 120 days of the end of the fiscal year of such Fund audited financial statements that comply with Rule 206(4)-2(b)(4) under the Advisers Act. As a result, the investors in the Funds are not provided account statements under Rule 206(4)-2(a)(3) and (5) under the Advisers Act.

Item 16 Investment Discretion

Pursuant to each Fund's Fund Documents, KABR Management has discretionary authority to make investment determinations on behalf of the relevant Fund. This authority is subject to limitations set forth in the applicable Fund Documents (including any side letters executed with investors) for each Fund.

Item 17 Voting Client Securities

KABR Management's Funds generally invest in real estate and real estate-related assets that do not issue proxies.

To the extent that any Fund holds voting securities, KABR Management has the authority to direct the voting of such securities except to the extent provided in the Fund Documents of the Fund.

KABR Management has adopted a proxy voting policy, which is designed to ensure that KABR Management votes a Fund's securities in the best interests of such Fund. In the voting of Fund securities, KABR Management does not believe material conflicts of interest would arise between its interests on the one hand and the interests of the Funds on the other.

Neither the Funds nor any investor in the Funds may direct the vote of KABR Management in a particular solicitation.

Existing and prospective investors in a Fund may request information from KABR Management about how any voting securities held by such Fund were voted. KABR Management will provide a copy of its proxy voting policy to any existing or prospective investor upon request.

Item 18 Financial Information

KABR Management does not require or solicit prepayment of more than \$1,200 in fees per Fund six months or more in advance. KABR Management does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Funds, and it has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 Requirements for State-Registered Advisers

Not applicable.