

Broadstone Asset Management, LLC

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This brochure provides information about the qualifications and business practices of Broadstone Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at the phone number listed above.

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. Please note, where this brochure may use the terms "registered investment adviser" and/or "registered", registration itself does not imply a certain level of skill or training.

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

Item 2 Material Changes

On August 15, 2016, the firm moved its offices from 530 Clinton Square, Rochester NY, to 800 Clinton Square, Rochester NY. There have been no other material changes to the Firm Brochure since the initial filing dated December 28, 2015.

Questions regarding the brochure and/or the information contained herein may be directed to the firm and its representatives. Additional information about the firm and its representatives is also available on the SEC's website at www.adviserinfo.sec.gov.

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Item 4 Investment Advisory Business

Established in 2006, Broadstone Asset Management, LLC ("Broadstone Asset Management" or the "Firm") provides investment advisory, administrative and related services to two clients: Broadstone Net Lease, Inc. ("Broadstone Net Lease") and Broadtree Homes, Inc. ("Broadtree Homes"). Broadstone Asset Management also investigates, analyzes, structures and negotiates potential investments, monitors portfolio investments and advises as to dispensation opportunities.

Broadstone Net Lease is a real estate investment trust ("REIT") that focuses on single tenant net leased real estate throughout the United States. Management looks to invest the REIT in properties for the long term to tenants with a track record of success, profitability and credit worthiness. Broadtree Homes is a real estate investment trust ("REIT") that focuses on acquiring and leasing residential real estate properties.

Broadstone Real Estate, LLC has been SEC-registered since March 30, 2012. Broadstone was listing Broadstone Asset Management, LLC as a Relying Adviser but was informed in September 2015 by the SEC that the ABA No-Action letter does not apply to Broadstone since Broadstone Net Lease and Broadtree Homes do not meet the SEC's definition of "private funds". Accordingly, Broadstone Asset Management as the contracted investment manager for Broadstone Net Lease and Broadtree Homes filed an application to register as an investment adviser. Since Broadstone Asset Management is wholly-owned by Broadstone Real Estate, LLC, there has been no practical change in control or management of the registered adviser by virtue of this change.

Broadstone Asset Management is wholly-owned by Broadstone Real Estate, LLC ("Broadstone Real Estate"). Broadstone Real Estate is owned approximately 45.6% by Amy L. Tait and Broadstone Ventures, LLC; 45.6% by Trident BRE, LLC (*Trident BRE*), an investor-owned company managed by private equity firm Stone Point Capital LLC (*Stone Point*), and 8.8% by employees of Broadstone Real Estate. Broadstone Real Estate has a Board of Managing Members that includes two representatives of Trident BRE and two Broadstone representatives. In addition, Agha Khan from Stone Point has assumed one of the two inside director seats on the Broadstone Net Lease and Broadtree Homes boards. Ms. Tait continues to serve as the Chairman and second inside director of Broadstone Net Lease and Broadtree Homes.

As of December 31, 2015, Broadstone Asset Management had a total of approximately \$1,520,585,021 of discretionary assets under management.

Item 5 Fees and Compensation

Management Fees: Broadstone Asset Management charges an annual asset management fee of 1%, paid in quarterly increments in advance.

The asset management fee for Broadstone Net Lease is equal to one percent (1%) of the aggregate weighted average Determined Share Value multiplied by the number of shares of common stock outstanding on a fully diluted basis (including the membership interests in the Operating Company convertible into shares). The asset management fee is subject to certain deferrals when cumulative annual distributions to the shareholders are below \$3.50.

In addition to the asset management fee, the Broadstone Asset Management is paid an acquisition fee equal to 1% of the gross purchase price paid for each acquired property (including properties contributed in exchange for Operating Company interests at their agreed upon market value). In the event that the acquisition of a property by the REIT requires a new lease (as opposed to taking an

assignment of an existing lease), such as in the case of a sale-leaseback transaction, Broadstone Asset Management is entitled to an acquisition fee equal to 2% of the purchase price as a result of the additional leasing services required. Upon disposition of any property, Broadstone Asset Management is entitled to a disposition fee equal to 1% of the gross sale price for each disposed of property, whether or not a broker is engaged to buy or sell the property on behalf of the Operating Company.

Effective as of October 1, 2015, the asset management fee for Broadtree Homes is equal to 1% of the Total Equity Value of both the Corporation and the Operating Company. The quarterly asset management fee paid to the Broadstone Asset Management will be subject to adjustment based on sales of additional shares of our common stock during the quarter. Total Equity Value will equal the sum of (a) the equity value based on the number of shares and membership units outstanding, multiplied by (b) the Determined Share Value established by the Independent Directors Committee. The asset management fee is subject to certain deferrals when cumulative annual distributions to shareholders are below \$0.50 per share.

The firm also receives an acquisition fee equal to 3% the gross purchase price paid for each acquired property and 3% gross sale price in the case of a sale of a property.

Other Fees: Broadstone Asset Management receives compensation for offering and marketing expenses. Broadstone Real Estate receives compensation for property management services.

Broadstone Real Estate receives a property management fee from Broadstone Net Lease equal to 3% of gross rental income. A fee is also earned on re-leasing services equal to one or two months' rent when required. Broadstone Real Estate's wholly-owned subsidiary, Broadtree Home Rentals, LLC, is compensated for its property management services by receiving, as of the end of each month, a property management fee equal to 10% of gross rentals, fees and reimbursements collected from all properties in the Broadtree Homes portfolio. Effective as of October 1, 2015, with respect to any multifamily properties and apartment communities with more than five units per building, the monthly property management fee to be paid to Broadtree Home Rentals, LLC shall be determined by mutual agreement with the Independent Directors Committee on a case-by-case basis, taking into account market comparable fees for similar properties, arrangements with third party managers, and the level of site level staff.

Broadstone Asset Management receives a fee equal to 0.5% of the proceeds of all newly contributed capital as compensation for their internal and third party offering and marketing expenses for Broadstone Net Lease and 3% of new equity contributions for Broadtree Homes.

REIT Expenses: Organizational and other expenses are paid by the REIT, Broadstone Real Estate or its affiliates in accordance with the terms of the Offering. Generally, Broadstone Real Estate bears the ordinary expenses incidental to performing their services, while the REIT bears all other expenses related to its operations, including third-party costs incurred in evaluating and closing the purchases and sales of assets, in valuing the REIT's portfolio, on-going valuation services, interest and financing fees, fees and expenses of Independent Directors, taxes, fees of auditors and counsel, insurance, litigation, bank fees, transfer agent fees, and any capital expenditures or other property.

Item 6 Performance-Based Fees and Side by Side Management

There are no performance fees, carried interest or side-by-side management.

Item 7 Types of Clients

Broadstone Asset Management provides investment management services exclusively through real estate investment vehicles.

Broadstone Net Lease imposes a minimum investment amount of \$500,000 and Broadtree Homes imposes a minimum investment amount of \$100,000 both of which may be waived at the firm's sole discretion.

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

Broadstone Asset Management provides portfolio management and administrative services and focuses on investing in broadly defined real estate investments, including the selection of properties, management of such properties and the disposal of investment properties. The firm purchases properties with tenants in the healthcare, retail, business services and industrial services markets for Broadstone Net Lease. The firm also purchases residential real estate properties for rental income for Broadtree Homes. Within its target industries, Broadstone Asset Management focuses exclusively on real estate investments.

While prospective investors should review the risk disclosures set forth in full in the offering materials or separate account documentation, the following are certain material risks with respect to investments in the real estate investment vehicles. These risks are qualified in their entirety by the risks set forth in the private placement memorandum, other offering materials or governing documents.

- **Long-Term Investment:** Investments in real estate investment vehicles are not intended to be short-term investments and should be viewed as long-term investments by its investors.

- **Reliance on Portfolio Company Management:** While it is the intent of Broadstone Net Lease to invest in properties on a net lease basis with tenants with solid operating histories and creditworthiness, there can be no assurance that such properties will continue to operate successfully.

Broadtree Homes intends to invest in residential real estate properties and lease to financially stable tenants, but there can be no assurance that the properties purchased can be rented and that tenants comply with the terms of the lease.

- **Illiquidity:** Investments in real estate investment vehicles represent highly illiquid investments and should only be acquired by investors able to commit capital for an indefinite period of time. Investors will not be permitted to transfer their interests without the written consent of Broadstone Asset Management and upon satisfaction of certain other conditions, including compliance with applicable securities laws.

To the extent permitted, the redemption policy for Broadstone Net Lease provides for no redemption in the first year of ownership and redemption at 95% of the then current share price in years two through five. Thereafter a full redemption may be requested at the determined share value, subject to limitations documented in the offering documents or private placement memorandum.

To the extent permitted, the redemption policy for Broadtree Homes provides for no redemptions in the first year of ownership. Years two through five may redeem at 95% of the then current share price, and thereafter redemption at 98% may be requested at the determined share value, subject to limitations documented in the offering documents or private placement memorandum.

- **Risk of Inadequate Return:** The returns on a particular real estate investment, if any, may not be commensurate with the degree of risk.

- **Multiple Fees and Expenses:** The real estate investment vehicles will pay certain fees (as described in Item 5, "Fees and Compensation"), and expenses, and, to the extent applicable, will indirectly bear the expenses of the underlying investments in which the real estate investment vehicles invest. This could result in greater expense and less potential for return on investment than if such expenses were not incurred.

- **Future Legislative and Regulatory Actions:** New laws and regulations, changing regulatory schemes and the burdens of regulatory compliance with respect to real estate investment vehicles, Broadstone or any related entity all may have a material negative impact on investment performance. Such legislation and regulations may, directly or indirectly, (i) require the Firm to provide reports and other disclosure to investors, counterparties, creditors and regulators, (ii) cause the Firm to alter its management, including for the purposes of avoiding increased regulatory burdens, (iii) limit the types and structures of the investments available including limitations on the use of leverage, or (iv) otherwise change or restrict the operations of the real estate investment vehicles.

- **REITs Not Registered:** Broadstone Net Lease and Broadtree Homes are not registered under the Investment Company Act or any other U.S. federal or state securities laws or the laws of any other jurisdiction. The Investment Company Act provides certain protections to investors and imposes certain restrictions on registered investment companies, which will not be applicable to the investments.

- **Risk of Loss:** Investing in securities involves a certain amount of risk of loss that clients should be prepared to bear. Questions regarding these risks and/or increased costs may be directed to Broadstone and its management.

- **Change of Control:** Broadstone Real Estate, the Property Manager and parent company of Broadstone Asset Management, is owned by Amy Tait, Broadstone Ventures, LLC, Trident BRE and by various employees of Broadstone Real Estate, and has two representatives on the Board of Directors for Broadstone Net Lease and Broadtree Homes. The owners of Broadstone Real Estate may have different interests and time horizons than shareholders and there is limited ability to affect decisions which could result in a change of control of Broadstone Real Estate.

As of June 30, 2015, Broadstone Real Estate issued additional interests equal to approximately 46% of its outstanding membership interests to Trident BRE and approximately 8% to employees of Broadstone Real Estate and established a Board of Managers consisting of four individuals, two appointed by the Founders and two appointed by Trident BRE. Both of Trident BRE's nominees to the board of managers of Broadstone Real Estate are, and one of Broadstone Real Estate's two nominees to the Board of Directors of the Corporation is, employed by Stone Point, the manager of Trident BRE. Those individuals owe duties to their employer Stone Point and Trident BRE and their affiliated investment funds, in addition to their roles with Broadstone Real Estate, Broadstone Net Lease, and Broadtree Homes. Trident BRE may have different interests than our other shareholders and influence the way the Asset Manager raises funds and acquire or sell properties for the real estate investments or to cause Broadstone Real Estate to take on new activities unrelated to that of Broadstone Net Lease and Broadtree Homes.

Certain Investment Considerations Relating to Potential Conflicts of Interest

Potential Conflicts of Interest

Due to the other activities in which Broadstone Asset Management and its affiliates, its Principals, and their respective officers, directors, employees and agents (the "Broadstone Parties") may engage, certain conflicts of interest could arise. Investors should consider the following discussion of potential conflicts of interest when deciding whether to invest.

Certain Broadstone Parties are engaged in a variety of real estate activities in connection with its sponsoring offerings of real estate investments. In the ordinary course of their businesses, certain Broadstone Parties may engage in activities in which their interests or the interests of their affiliates may conflict with or be adverse to the interests of Broadstone Net Lease or Broadtree Homes. In addition, investors may utilize the services of certain Broadstone Parties, for which they will pay customary fees and expenses which will not be shared with Broadstone Net Lease, Broadtree Homes or their investors.

We expect that all of our properties will be managed and leased by our affiliated property manager, Broadstone Real Estate. In addition to the asset management fee, Broadstone Asset Management will also be paid fees based on acquisitions and dispositions of properties. The fee structure presents a conflict of interest due to the fact that Broadstone has an incentive to enter into transactions with more credit-risky tenants or in locations where the underlying property values are unlikely to increase in order to generate fee income.

In order to reduce or eliminate certain potential conflicts of interest in day-to-day operations, the Independent Directors Committee must conduct an annual review of the transactions and activities of Broadstone Asset Management, Broadstone Real Estate, and their affiliates for any conflicts of interest.

Subject to the limitations set forth in the applicable Operating Agreement, Broadstone Asset Management may establish one or more additional real estate investment vehicles with investment objectives substantially similar to, or different from, those of Broadstone Net Lease or Broadtree Homes. Allocation of available investment opportunities between your investment and any such new investment vehicle could give rise to conflicts of interest. In the event that Broadstone Asset Management or one of its affiliates wishes to invest in real estate investment opportunities which are within the then current Investment Policies or Property Selection Criteria of Broadstone Net Lease, Inc. or Broadtree Homes, Broadstone or its affiliate must first receive approval from the appropriate Independent Directors Committee.

Item 9 Disciplinary Information

Rule 206(4)-4 of the Investment Advisers Act of 1940 requires investment advisers to provide investors with disclosures as to any legal or disciplinary activities deemed material to the investor's evaluation of the adviser. Please note, neither the Firm nor its personnel have any disciplinary, regulatory, criminal, civil, or otherwise reportable history to disclose at this time.

Item 10 Other Financial Industry Activities and Affiliations

The principals of the Firm are actively engaged in real estate activities outside of Broadstone Net Lease and Broadtree Homes. See Item 8 for a discussion of the potential conflicts of interest.

Tones Vaisey, PLLC, with an address of 155 Clinton Square, Rochester NY 14604 is the primary law firm used for real estate services for Broadstone Net Lease, Inc., Broadtree Homes, Inc., Broadstone Real Estate, LLC as well as a variety of affiliated entities. Tones Vaisey, PLLC currently has four partners, each having 25% ownership of the firm. One of the four partners owning 25% of the firm,

Jason Tones, has a 1.14% ownership stake in Broadstone Real Estate, LLC through his ownership in Broadstone Ventures, LLC which owns 22.81% of Broadstone Real Estate, LLC. Mr. Tones also is related to certain executives and owners of Broadstone. Mr. Tones' affiliations with Broadstone and the arrangement with the law firm has been presented to and approved by the Board of Directors of Broadstone Net Lease, Inc. and Broadtree Homes, Inc.

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

As required by Rule 204A-1 of the Investment Advisers Act of 1940, Broadstone Asset Management has adopted a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the firm. The Code of Ethics describes the firm's fiduciary duties and obligations to investors, and sets forth the Firm's practice of supervising the personal securities transactions of employees who maintain access to material non-public client information.

The Firm collects and maintains records of securities holdings and transactions made by those employees. The Firm reviews the personal trading practices of those employees to identify and resolve any potential or realized conflicts of interest.

A copy of Broadstone's Code of Ethics is available upon request and on the company's website www.broadstone.com/disclosures.

Item 12 Brokerage Practices

Given the nature of real estate, the Firm does not utilize any brokerage platform or trade on any security exchanges. Portfolio properties are purchased and sold through a formal legal closing process.

Item 13 Review of Accounts

When Broadstone Asset Management makes an investment in a portfolio property, Broadstone Asset Management monitors each property from investment through exit to identify opportunities for creating value.

Broadstone Net Lease and Broadtree Homes provide quarterly reports to their investors. These reports include a summary of capital commitments, investments and distributions, as well as periodic valuations of the portfolio properties. The reports also include a financial summary and a market outlook.

Item 14 Client Referrals and Other Compensation

Broadstone Asset Management manages real estate investment vehicles and does not pay or receive compensation for client referrals.

Item 15 Custody

Cash assets of the real estate investment vehicles are held in the name of the vehicle by an independent qualified custodian. Ernst & Young LLP conducts an audit on an annual basis. The audited financial statements are provided to investors within 120 days of the end of the fiscal year.

Item 16 Investment Discretion

Broadstone Asset Management maintains discretionary authority over the selection and amount of portfolio properties to be bought or sold without obtaining prior consent or approval of investors. The real estate investment vehicle may impose reasonable restrictions on investment discretion, such as the size of a single investment, geographical limitations, or other parameters. Investment authority is subject to the specified investment guidelines and limitations set forth in the private placement memorandum.

Item 17 Voting Client Securities

Broadstone Asset Management does not vote client securities due to the nature of the real estate investments made. Broadstone Asset Management does have proxy authority to vote for the inside directors of the real estate investment vehicles.

Item 18 Financial Information

Under Rule 206(4)-4 of the Investment Advisers Act of 1940, investment advisers are required to disclose certain financial information about their business practices that might serve as material to the investor's decision in choosing an investment adviser.

As of the date of this filing, Broadstone Asset Management does not require the pre-payment of any fees, in excess of 90 days, or maintain any financial hardships or other conditions that might impair its ability to meet its contractual obligations to clients.