

**FORM ADV PART 2A: FIRM BROCHURE**

**ITEM 1. COVER PAGE**

**Student Quarters Blue Sky LP**

206A Edgewood Ave NE  
Atlanta, GA 30303  
March 2018

**Important Disclosure:**

This brochure, dated March 2018, provides information about the qualifications and business practices of Student Quarters Blue Sky LP (“SQBS” or the “Firm”) and its affiliates. If you have any questions about the contents of this brochure, please contact us at [investorservices@livesq.com](mailto:investorservices@livesq.com). SQBS is registered as an investment adviser with the United States Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an investment adviser does not imply that SQBS or its employees possess a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about SQBS also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**ITEM 2.MATERIAL CHANGES**

The last update of this Brochure was the initial Form ADV Part 2A filing made in July 2018. There have been no material changes since the initial filing..

### 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 .....	4
Item 5. Fees and Compensation .....	5
Item 6. Performance-Based Fees and Side-by-Side Management.....	6
Item 7. Types of Clients.....	7
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	8
Item 9. Disciplinary Information .....	11
Item 10. Other Financial Industry Activities and Affiliations .....	12
Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	13
Item 12. Brokerage Practices .....	14
Item 13. Review of Accounts.....	15
Item 14. Client Referrals and Other Compensation.....	16
Item 15. Custody.....	17
Item 16. Investment Discretion.....	18
Item 17. Voting Client Securities.....	19
Item 18. Financial Information .....	20
Item 19. Requirements for State-Registered Advisers.....	21

#### **ITEM 4. ADVISORY BUSINESS**

##### **A. General Description of Advisory Firm**

SQBS is a limited partnership formed under the laws of Delaware. The Firm was formed in November 2016. SQBS is an investment adviser with a principal place of business in Atlanta, Georgia. The Firm's principal owners are Andrew Feinour, Andrew Layton and Blue Sky Alternative Investments LLC.

##### **B. Description of Advisory Services**

SQBS provides investment advisory services to clients (collectively referred herein as the "Clients" and individually as a "Client") by either directly or indirectly acting through one or more investment, financing, or other entities to identify, source, pursue, invest in, develop, purchase, and sell student housing as well as ongoing property management, asset management, development, and similar businesses relating to student housing. SQBS will also raise the necessary funds in connection with the above by way of issuing a limited liability company, limited partnership interests, equity or debt instruments, arranging loans, or otherwise as provided in the Clients' operating agreements. SQBS will act directly or indirectly as the sponsor or manager of private equity funds that will invest in the businesses described.

##### **C. Tailored Advisory Services**

Generally, the Firm does not expect to tailor its advisory services to the individual or particular needs of Clients. Such Clients will accept the terms of advisory services as set forth in each of the governing documents. The Firm expects to have broad investment authority with respect to its Clients and, as such, investors should consider whether the investment objectives of the Firm will be in line with their individual objectives and risk tolerance prior to investment.

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

SQBS does not participate in wrap fee programs.

##### **E. Assets Under Management**

As of December 31, 2017, SQBS managed approximately \$235,750,000 in assets on a non-discretionary basis.

## ITEM 5. FEES AND COMPENSATION

### A. Fees

SQBS typically charges a fee to each Client that is based on a percentage of net assets under management (the “Asset Management Fee”). Asset Management Fees are accrued at a negotiated rate and are payable at a negotiated frequency, typically in arrears, as outlined in the governing documents or investment management agreements. The applicable Management Fee schedule for each Client or investor is described in each Client’s operating agreement.

The Firm may also receive a performance-based fee (the “Performance-Based Fee”), as discussed further in Item 6, and potentially other forms of remuneration, such as acquisitions fees in connection with certain real estate closings and other related servicing fees, as negotiated and described in the governing documents.

### B. Charging Fees

The Firm may either deduct Management Fees from Clients’ assets or separately bill Clients for the fees incurred.

### C. Other Fees and Expenses

In addition to the fees discussed above, each Client will bear additional expenses, including but not limited to: investment expenses (e.g., expenses that, in the Firm’s discretion, are related to the investment, development, operation or management of assets, such as custodial fees, bank service fees, interest expenses, and disposition expenses); capital improvement costs (which is inclusive of the construction management fee); investment-related travel expenses (which are travel expenses related to the purchase, sale or transmittal of the applicable Clients’ investments) incurred by the Firm; professional fees (including expenses of consultants, investment bankers, lenders, attorneys, accountants and other experts) relating to investments; administrative expenses (including fees and expenses of an administrator); legal expenses; external accounting and valuation expenses (including the cost of accounting software packages); audit and tax preparation expenses; costs of preparing, printing and mailing reports, offering materials and notices; and extraordinary expenses (including litigation and indemnification expenses, if any).

*Please refer to the relevant operating agreement for a complete understanding of fees and expenses. The information contained herein is a summary only and is qualified in its entirety by the operating agreement.*

### D. Timing of Fee Payments

As described above, Management Fees are generally paid at a negotiated rate at a negotiated frequency, typically in arrears.

### E. Payments to Supervised Persons

Neither SQBS nor any of its supervised persons accept compensation for the sale of securities or other investment products.

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

SQBS generally receives a Performance-Based Fee, which is individually negotiated and is allocable from the net capital appreciation of the portfolio investment, payable upon disposition of an asset.

Any performance fees charged by SQBS comply with the requirements of Section 205 of the Advisers Act and all applicable rules thereunder. The fact that the Performance-Based Fee is payable only out of increases in net profits may create an incentive for the Firm to select investments which are riskier or more speculative than would be the case in the absence of such fees. As such, SQBS has implemented internal controls to address the potential for any conflicts associated with Performance-Based Fees and varying fee structures.

**ITEM 7. TYPES OF CLIENTS**

As further described in Item 4 of this brochure, SQBS provides non-discretionary investment advisory services to investors that are primarily institutional investors.

The Firm does not impose minimum investment requirements. However, most individual deal sizes generally range between \$20,000,000 and \$60,000,000.

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

### A. Methods of Analysis and Investment Strategies

*The descriptions set forth in this brochure of specific services that SQBS offers should not be understood to limit in any way SQBS' activities. SQBS may offer any services, engage in any activity and make any advisory decision, including any not described in this brochure, that SQBS considers appropriate or necessary in the fulfillment of its fiduciary obligation or that it believes is in the best interests of its Clients. The investment strategies pursued by each Client are speculative and entail substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved. This brochure does not contain a complete set of risk parameters.*

The Firm's objective is to generate attractive, high yielding, student housing real estate investment opportunities, by deploying a nimble corporate structure that enables SQBS to pursue investments both large and small, deploying both private and institutional equity. SQBS will initially target transactions (generally between \$20,000,000 and \$60,000,000) and will combine suitable capital partners depending on the risk profile of each opportunity.

### B. Types of Risks

*Listed below are some of the risks that are associated with a Client investment. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in the Clients' investment strategies. For a complete explanation of each Client's relevant investment strategies and their associated risks, investors should review the relevant offering memoranda or investment management agreement, which may contain additional explanations of strategies, risks and other related details not discussed below.*

**General Risks of Real Estate.** All real estate investments, ranging from equity investments to debt investments, are subject to some degree of risk. No assurances can be given that the fair market value of any real estate investments held by a Client will not decrease in the future or that a Client will recognize full value for any investment that a Client is required to sell for liquidity reasons. In addition, the ability of a Client to realize anticipated rental and interest income on its equity and debt investments will depend, among other things, on the financial reliability of its tenants and borrowers, the location and attractiveness of the properties in which it invests, the supply of comparable space in the areas in which its properties are located and general economic conditions. Additionally, a Client may, in certain instances, be responsible for structural repairs, improvements and general maintenance of real property. The expenditure of any sums in connection therewith beyond those budgeted for by a Client will reduce the cash available for distribution and may require a Client to fund deficits resulting from the operations of a property. These factors and any others that would impede a Client's ability to respond to adverse changes in the performance of its assets could significantly affect the Client's financial condition and operating results.

**Risks of Potential Leveraging.** The Clients expect to use leverage to increase the potential value of the assets to be acquired. While the use of leverage may enhance returns to the Clients and increase the number of investments the Clients can make, it will also substantially increase the risk of loss to a Client. In the case that investments utilize leverage, the third-party lender would be entitled to cash flow generated by such investment prior to a Client receiving a return. If the Client defaults on secured indebtedness, the lender may foreclose and the Client could lose its entire investment securing such loan. In addition, recourse debt, which each Client reserves the right to obtain, may subject other assets of a Client and the investors' investments to risk of loss. To the extent financing is not available on terms considered favorable



by the Clients, the number and size of investments that each Client will be able to make will be limited. In addition, even if the Clients are able to arrange for an acquisition line of credit, there can be no assurance that longer term financing will be available with respect to any particular investment.

**Illiquidity.** It is unlikely that there will be a public market for much, if any, of the Clients' investments. The Clients generally will not be able to sell their investments held in the form of securities publicly unless their sale is registered under applicable federal and state securities laws, or unless an exemption from such registration requirements is available. In some cases, the Clients may be prohibited by contract from selling investments for a period of time. In addition, the types of investments held by the Clients may be such that they require a substantial length of time to liquidate. Accordingly, each Client's ability to respond to changes in economic and other conditions may be relatively limited. In particular, no assurances can be given that all Clients investments will be able to be liquidated prior to the scheduled expiration of the term of the Clients. No assurances can be given that the fair market value of any of the Clients' assets will not decrease in the future.

**Risks Associated with Commercial Mortgage Loans.** The Clients may invest in commercial mortgage loans. The value of each Client's commercial mortgage loans will be influenced by the historical rate of delinquencies, defaults experienced on the commercial mortgage loans and by the severity of loss incurred as a result of such defaults. The factors affecting delinquencies, defaults and loss severity include (i) industry sector and economic and real estate market conditions (e.g. multi-family, retail, office, etc.), (ii) the terms and structure of the mortgage loans, and (iii) any specific limits to legal and financial recourse upon a default under the terms of the mortgage loan. Commercial loans generally expose a lender to a greater risk of loss through delinquency and foreclosure since the ability of the borrower to repay a loan secured by income-producing property typically is dependent primarily upon the successful operation and operating income of such property, rather than upon the existence of independent income or assets of the borrower. Most commercial mortgage loans provide recourse only to specific assets, such as the property, and not against the borrower's other assets or personal guarantees. Commercial mortgage loans generally do not fully amortize, which can necessitate a sale of the property or refinancing of the remaining debt amount at or prior to maturity of the mortgage loan. Accordingly, investors in commercial mortgage loans bear the risk that the borrower will be unable to refinance or otherwise repay the mortgage at maturity, thereby increasing the likelihood of a default on the borrower's obligations. Exercise of foreclosure and other remedies may involve lengthy delays and additional legal and other related expenses on top of potentially declining property values. In certain circumstances, the Clients could become liable upon taking title to an asset for environmental or structural damage existing at the property.

**Capital Improvement and Redevelopment Risks.** Some assets acquired by the Clients may require development or redevelopment in order to meet the Clients' investment strategy. Development and redevelopment activities are subject to risks, including, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, public and private opposition to projects, unexpected increases in cost, delays in the completion of construction and the possibility that construction or permanent financing may not be available on favorable terms. In addition, development or redevelopment activities 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, defects in plans and specifications or other factors. Any delay in completing the development or redevelopment of an asset may result in increased interest and costs and the potential loss of previously identified purchasers or tenants. If any of these risks should occur they could result in substantial unanticipated delays or expense and, under certain circumstances, could prevent completion of a development or redevelopment opportunity once undertaken, any of which could have a material adverse effect on the Clients and on the amount of funds available for distribution by the Clients.

C. Risks in Recommending a Particular Type of Security

SQBS does not primarily recommend a particular type of security.

## ITEM 9. DISCIPLINARY INFORMATION

Neither SQBS nor any of its management persons have been involved in a criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which the Firm or its management persons were convicted of, or pled guilty or no contest to a felony, a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion, or a conspiracy to commit any of these offenses.

Neither the Firm nor any of its management persons have been named subjects of any pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses. Neither the SQBS nor any of its management persons have been found to have been involved in a violation of an investment-related statute or regulation or the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting SQBS or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order.

Neither SQBS nor any of its management persons have been involved in any administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which the Firm or management person was found to have caused an investment-related business to lose its authorization to do business or found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority in which:

- the authorization of the Firm or a management person to act in an investment-related business was denied, suspended, or revoked;
- the Firm's or a management person's association with an investment related business was barred or suspended;
- the Firm's or a management person's investment-related activities were otherwise significantly limited; or
- a civil money penalty of more than \$2,500 was imposed on the Firm or a management person.

Neither the Firm nor any of its management persons have been involved in a proceeding with a self-regulatory organization ("SRO") in which SQBS or its management persons was found to have caused an investment-related business to lose its authorization to do business; or was found to have been involved in a violation of the SRO's rules and was:

- barred or suspended from membership or from association with other members, or was expelled from membership;
- otherwise significantly limited from investment-related activities; or
- (iii) fined more than \$2,500.

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

### **A. Broker-Dealer Registration Status**

Neither SQBS nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

### **B. CFTC Registration Status**

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

### **C. Industry Relationships Material to Advisory Business**

Neither SQBS nor any of its management persons have any relationship or arrangement that is material to its advisory business with the types of entities described in this section.

Blue Sky Alternative Investments LLC (“Blue Sky”) maintains an equity stake in SQBS and is under common control with an alternative asset manager, which is an Australian based exempt reporting adviser with the SEC. A conflict of interest exists to the extent Blue Sky, or one of its affiliates, refers a prospective investor to SQBS due to its financial stake therein.

Additionally, certain representatives of Blue Sky’s affiliates and private equity firm are also registered representatives of Foreside Financial Group, an unaffiliated broker-dealer with no business dealings with SQBS or its clients.

### **D. Materials Conflicts of Interest Relating to Other Advisers**

SQBS will not recommend or select other investment advisers in exchange for direct or indirect compensation from those advisers that creates a material conflict of interest.

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

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

The Firm has adopted a Code of Ethics (the “Code”) to comply with Rule 204A-1 under the Advisers Act which sets forth standards of business and personal conduct for all SQBS employees. The Code is predicated on the basic idea that employees of SQBS will adhere to certain ethical and fiduciary standards and will conduct their affairs in accordance with the principles of professionalism, integrity, honesty and trust.

The Code establishes policies and procedures that are reasonably designed to: (i) prevent fraud and improper personal trading; (ii) identify circumstances that may result in an actual or potential conflict of interest or the appearance thereof; and (iii) provide a means to resolve such conflicts. Investors and prospective investors may request a copy of the Code by contacting SQBS at the address or telephone number listed on the first page of this brochure.

### **B. Securities in which the Firm or Related Persons have Financial Interest**

SQBS may advise on investments in which it and/or its affiliates directly or indirectly have or will have financial interest. All outside business activities, private investments, and securities transactions made by employees are closely monitored on an ongoing basis by the Chief Compliance Officer or his designee to ensure pre-clearance has been sought and obtained when required, and to ensure the personal trading patterns of employees fall within the guidelines set forth in the Code.

Personal trading transactions by employees may raise potential conflicts of interest when such persons trade in a security that is owned by, or considered for purchase or sale for, a Client. The Firm has adopted policies and procedures designed to detect and prevent such conflicts of interest and, when they do arise, to ensure that it effects transactions for Clients in a manner that is consistent with its fiduciary duty to its Clients and in accordance with applicable law.

### **C. Securities in which the Firm or Related Persons Recommend to the Clients**

The Firm, its principals, employees and affiliates may make investments for their own accounts. While unlikely due to the nature of the SQBS business model, it is possible that principals, officers or employees of the Firm may make investments that the Firm has recommended to Clients and may engage in transactions for their own accounts in a manner that is inconsistent with the Firm’s recommendations to a Client. The Firm addresses this conflict by implementing those policies and procedures described above.

## ITEM 12. BROKERAGE PRACTICES

### A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

SQBS does not make regular use of broker-dealers for the purposes of purchasing or selling securities on behalf of its Clients, as the securities that the Firm typically purchases or sells on behalf of its Clients are acquired and/or disposed of in privately negotiated purchases and sale transactions.

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

SQBS does not engage in soft dollar arrangements with broker-dealers.

#### 2. Brokerage for Client Referrals

The Firm does not consider the prospect of receiving, or the receipt of, client referrals when selecting or recommending broker-dealers for client securities transactions.

#### 3. Directed Brokerage

SQBS does not engage in directed brokerage at this time.

### B. Aggregated or “Bunched” Orders

The Firm does not aggregate the purchase or sale of securities for client accounts.

### **ITEM 13. REVIEW OF ACCOUNTS**

#### **A. Review of Investment Portfolios**

Each investment portfolio is monitored and reviewed on a continuous and ongoing basis by SQBS' investment professionals.

#### **B. Factors that May Trigger a Review of Investment Portfolios**

A review of an investment portfolio, other than described above, may also be triggered by material changes in key variables, such as changes in market conditions, changes in investment objectives or policies or changes in capital inflows/outflows, among other things.

#### **C. Content and Frequency of Reports**

Audited financial statements are provided to investors, generally within 120 days of the end of the Firm's fiscal year. Capital statements are provided to investors on at least a quarterly basis.

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

##### **A. Economic Benefit for Providing Services to Non-Clients**

The Firm does not receive an economic benefit from non-Clients for providing investment advice or other advisory services to the Clients.

##### **B. Compensation to Non-Supervised Persons for Client Referrals**

SQBS may enter into written agreements with third parties who solicit potential investors on behalf of the Firm. To the extent applicable, SQBS will comply with all applicable securities requirements including Rule 206(4)-3 under the Advisers Act. Typically, the solicitor will receive compensation which investors are not responsible for in any part.



## **ITEM 15. CUSTODY**

SQBS may be able to withdraw the Clients' cash and/or securities held with a custodian upon the Firm's instruction to the custodian. Therefore, SQBS is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule").

In accordance with the Custody Rule, SQBS is responsible for ensuring that the Clients' securities are held only with a qualified custodian. The Firm is responsible for arranging for annual independent audits of its Clients' assets by a qualified accounting firm within 120 days of the Firm's fiscal year end and for obtaining audited financial statements prepared in accordance with GAAP. SQBS arranges for the delivery of such audited financial statements to investors within 120 days of the Firm's fiscal year end.

**ITEM 16. INVESTMENT DISCRETION**

SQBS has discretionary authority to manage the operations and improvement of assets and securities on behalf of its Clients. Clients have the ultimate authority to determine the investments made on their behalf.

**ITEM 17. VOTING CLIENT SECURITIES**

Due to the SQBS' investment strategy and the nature of interests generally recommended by SQBS, the Firm does not anticipate holding public securities with voting authority on behalf of its Clients.

**ITEM 18. FINANCIAL INFORMATION**

- A. SQBS does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance and therefore has not included a balance sheet.
- B. SQBS does not believe that there are any conditions that are reasonably likely to impair its ability to meet contractual commitments to the Clients.
- C. SQBS has never been the subject of a bankruptcy petition.

**ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

This Item is not applicable to SQBS.