

HSRE Securities Advisors, LLC

444 West Lake Street
Suite 2100
Chicago, IL 60606-4610
www.harrisonst.com

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This brochure provides information about the qualifications and business practices of HSRE Securities Advisors, LLC. If you have any questions about the contents of this brochure, please contact us through James McNamara, Director of Trading and Operations, at 312-582-2861 or jmcnamara@harrisonst.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about HSRE Securities Advisors, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

HSRE Securities Advisors, LLC is an SEC registered investment adviser. This registration does not imply a specific level of expertise, skill or training. This registration does not imply a recommendation by the United States Securities and Exchange Commission or by any state securities authority.

This Cover Page constitutes Item 1 of HSRE Securities Advisors, LLC's brochure.

Item 2. Material Changes

This Brochure is an update to the previously filed and used Brochure dated April 28, 2017. There are no material changes to the Brochure dated April 28, 2017 other than to bring current information regarding the firm.

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Item 4. Advisory Business

Background and Ownership

HSRE Securities Advisors, LLC (the “firm” or “we” or “our”) is registered as an investment adviser with the Securities and Exchange Commission (“SEC”). The firm focuses on the management of investment portfolios primarily comprised of publicly traded real estate-related securities of North American-domiciled companies. In addition to providing discretionary investment management services to institutions and high-net worth individuals, we also serve as investment manager to private investment funds, including:

- Harrison Street Tactical Real Estate Securities Fund, L.P. (the “Tactical Fund”); and
- Harrison Street Securities ALRA Fund, LLC (the “ALRA Fund” and, together with the Tactical Fund, the “Funds”).

The firm was founded in 2016 by Harrison Street Real Estate Capital, LLC (“HSRE”), the firm’s sole member. The firm’s managers are Christopher Merrill, Stephen Gordon and James Kammert. HSRE is a real estate investment firm, and the sponsor of a series of closed-end private real estate funds, an open end core real estate fund, a series of European closed end funds, institutional investor separate accounts and a joint venture holding ownership interests in US real estate assets including operating properties and properties under development. HSRE has, as of December 31, 2017, in the aggregate approximately more than \$13.5 billion of gross assets under management (utilizing a conversion rate of US\$1.2006 to €1.00 to convert non-US fund investment amounts to U.S. Dollars).

Acquisition of the Advisory Business of Harrison Street Securities

Effective as of April 1, 2017, we acquired and succeeded to substantially all of the advisory business of our affiliate, Harrison Street Securities, LLC (“HSS”). The acquisition of HSS was done to consolidate the ownership of the HSS business under HSRE. James Kammert, portfolio manager, and other key employees of HSS have been retained by us and will continue providing investment advisory services to our clients.

Advisory Services

We are focused on the management of investment portfolios primarily comprised of publicly traded real estate-related securities of North

American domiciled companies, on behalf of institutional investors and the Funds.

Currently, we pursue two different investment strategies. Our “long only” investment strategy primarily focuses on investing the shares of publicly traded REITs, real estate development or operating companies and real estate management companies including, without limitation, companies that are in the business of developing, owning, operating or managing hotels and casinos, apartment buildings or complexes, self-storage facilities, residential communities, office buildings, communication towers and convenience stores. For client accounts pursuing the “long only” strategy, we do not purchase or sell derivatives, nor do we engage in short selling. The ALRA Fund pursues our “long only” strategy.

Although we expect that long positions in such securities will constitute the foundation for our client portfolios pursuing our “long-short” strategy, we also take short positions in the same kinds of real estate securities for such clients. The “long-short” strategy may also utilize equity options and other derivative instruments either as a hedge or to take a directional position. We also utilize borrowing for the purpose of leveraging our “long-short” client portfolios within certain ranges. While the focus of our “long-short” strategy is investments in equity securities of publicly traded real estate companies with operations in North America, we may also invest in private real estate securities as well as debt issued by real estate companies. The Tactical Fund pursues our “long-short” strategy.

The discretionary investment management services provided by the firm to the Funds are in accordance with the investment objectives, investment strategies and investment guidelines, if any, as set forth in the Funds’ respective governing documents. The firm provides investment management services to the Funds and not to their respective investors individually. Accordingly, the firm does not tailor its investment management services to the individual needs of investors in the Funds. The Funds and the firm may, however, enter into side letters or similar arrangements with certain investors in the Funds that have the effect of establishing rights under, or altering or supplementing the Funds’ governing documents.

Clients of the firm other than the Funds may impose reasonable restrictions on investing in certain securities or types of securities. If requested by a client, we will work with the client to tailor investment objectives and restrictions which may include specific security and sub-sector restrictions and appropriate benchmarks.

The firm does not currently participate in wrap fee programs.

As of December 31, 2017, we managed approximately \$5,047,186 of client assets on a discretionary basis. We do not provide investment advisory services on a non-discretionary basis.

Item 5. Fees and Compensation

In consideration for advisory services, the firm receives compensation in the form of asset-based management fees and/or performance-based incentive fees or allocations.

The ALRA Fund

We receive a monthly management fee (“Management Fee”) from the ALRA Fund in arrears in an amount equal to 0.65% per annum of the net asset value (“NAV”) of each investor’s capital account in the ALRA Fund as of the end of each calendar month (1/12 of 0.65% is charged as of the end of each calendar month). We have a negotiated agreement with one investor in the ALRA Fund under which we are entitled to a performance fee in exchange for a reduced monthly Management Fee. The Management Fee is deducted from the investors’ capital accounts in the ALRA Fund.

There is no sales charge associated with investing in the ALRA Fund. The ALRA Fund generally bears the costs and expenses associated with its operations, including investment expenses. The ALRA Fund is responsible for its ongoing direct administrative professional expenses (such as audit, tax return preparation, accounting and legal fees), its transaction expenses (such as brokerage commissions), miscellaneous expenses (such as regulatory and filing fees), custodial fees and any extraordinary expenses it may incur. The organizational costs and expenses of the Fund, including its initial offering expenses were borne by HSS, our predecessor.

We may agree to a different fee arrangement in respect of any investor in the ALRA Fund, or we may waive or reduce the Management Fee in respect of any investor in the ALRA Fund, in our sole discretion.

The Tactical Fund

We receive a quarterly Management Fee from the Tactical Fund in arrears in an amount equal to 1.5% per annum of the NAV of each investor’s capital account in the Tactical Fund as of the end of each calendar quarter (1/4 of 1.5% is charged as of the end of each calendar quarter). The Management Fee is deducted from the investors’ capital accounts in the Tactical Fund.

Investors in the Tactical Fund are also assessed an annual performance allocation equal to 15% of profits experienced by each investor’s capital account during the fiscal year in excess of a non-cumulative 5% hurdle

threshold (net of the Management Fee) (the “Performance Allocation”). The Performance Allocation is made to our affiliate that serves as general partner of the Tactical Fund. An investor’s capital account will need to exceed the hurdle in each calendar year in order to be subject to the Performance Allocation for that period.

We may, in our sole discretion, agree to a different Management Fee and/or Performance Allocation arrangement in respect of any investor in the Tactical Fund, or waive or reduce the Management Fee or Performance Allocation in respect of any investor.

There is no sales charge associated with investing in the Tactical Fund. The Tactical Fund generally bears the costs and expenses associated with its operations, including investment expenses, ongoing direct administrative and professional expenses (such as audit, tax return preparation, accounting and legal fees), its transaction expenses (such as brokerage commissions), miscellaneous expenses (such as regulatory and filing fees), custodial fees and any extraordinary expenses it may incur. The Tactical Fund is also responsible for its organizational costs and expenses, and for offering expenses. Notwithstanding the foregoing, the firm (or any of its affiliates) may decide to pay all or any amount of the foregoing Tactical Fund expenses.

Separate Accounts

Management fees for separate account services are negotiated on a client-by-client basis and may range from 0.2% to 1.5% per annum, charged monthly or quarterly in arrears, depending on the types of services a client requires. In addition, we may charge a performance-based fee equal to a negotiated percentage of the increase in value experienced by a client’s account on a quarterly or annual basis. Please note that lower management fees are typically accompanied by higher performance fees and vice versa. We generally bill our fees quarterly to our separate account clients for either direct payment by the client or client-directed deduction from the account. We do not charge clients in advance for fees.

Separate account clients are subject to brokerage fees, regulatory fees, transaction costs, custodian fees and other costs and expenses, regardless of whether the account realizes any profits. We make commercially reasonable efforts to minimize these costs.

Neither the firm nor any of its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

As described above, the firm (or its affiliates) is entitled to receive performance-based compensation in the form of the Performance Allocation in connection with the management of the Tactical Fund and may also receive performance-based compensation from the firm's other clients. Only investors in the Tactical Fund who qualify as "qualified clients" as defined in Rule 205-3 under the Investment Advisers Act of 1940 (the "Advisers Act") will be assessed the Performance Allocation. Likewise, only separate account clients that qualify as "qualified clients" will be charged a performance fee.

The performance-based compensation received by the firm (or its affiliates) may create an incentive for the firm to manage a client account in a more risky or speculative manner than would be the case if the firm (and its affiliates) were only compensated based on a percentage of assets managed. For example, a conflict of interest can arise whereby the firm might be incentivized to allocate investments believed to be more desirable to those client accounts that will generate greater compensation for the firm. In addition, the firm (or its affiliates) may receive increased performance-based compensation based on unrealized appreciation as well as realized gains. Investors in the Funds and separate account clients who are subject to performance-based compensation are provided with clear disclosure as to how performance-based compensation is charged and the attendant risks prior to making an investment.

We will not knowingly favor any account over another in any material respect in allocating investment opportunities. However, this does not mean that each client account will participate in every investment opportunity. Depending on the relevant account's investment objectives and risk profile, an account may or may not participate in any specific opportunity. Where the firm determines that two or more client accounts should participate in an investment opportunity, to the extent possible, it will generally allocate the investment among the relevant client accounts proportionally to the target positions in their respective accounts, considering a number of factors including available cash, investment objectives and guidelines, risk parameters, and other considerations set forth in the firm's allocation policy. The firm reserves the right to allocate investments on a non-pro rata basis where the circumstances justify such allocation.

Item 7. Types of Clients

We provide discretionary investment management services to institutions and high-net worth individuals through the Funds and separate accounts. We currently serve as investment manager to the Funds. The firm may manage other types of client or related accounts in the future.

Investors in the Funds may include institutions, family offices, high net worth individuals (and their entities), pensions, foundations, endowments and other private funds. In general, investors in the Funds are required to be financially sophisticated and must meet applicable qualifications under the securities laws. Investors in the Funds must qualify as “accredited investors” as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended. Investors in the Tactical Fund generally must also qualify as “qualified clients” as defined in Rule 205-3 under the Advisers Act.

The desired minimum initial investment in the Funds is \$250,000; however, the Funds may from time to time accept investments in lesser amounts. The Funds may raise or lower the minimum investment from time to time in their discretion.

We currently suggest a minimum investment on separate accounts of \$5,000,000. We may raise or lower the minimum investment from time to time in our discretion.

Item 8. Methods of Analysis, Investments Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

We are focused on the management of portfolios comprised of publicly traded real estate-related securities of North American-domiciled companies.

Currently, we pursue two different investment strategies. Our “long only” investment strategy primarily focuses on investing the shares of publicly traded REITs, real estate development or operating companies and real estate management companies including, without limitation, companies that are in the business of developing, owning, operating or managing hotels and casinos, apartment buildings or complexes, self-storage facilities, residential communities, office buildings, communication towers and convenience stores. For client accounts pursuing the “long only” strategy, we do not purchase or sell derivatives, nor do we engage in short selling.

Although we expect that long positions in such securities will constitute the foundation for our client portfolios pursuing our “long-short” strategy, we also take short positions in the same kinds of real estate securities for such clients. The “long-short” strategy may also utilize equity options and other derivative instruments either as a hedge or to take a directional position. We also utilize borrowing for the purpose of leveraging our “long-short” client portfolios within certain ranges. While the focus of our “long-short” strategy is investments in equity securities of publicly traded real estate companies with operations in North America, we may also invest in private real estate securities as well as debt issued by real estate companies.

Regardless of which investment strategy is being employed, the firm typically uses a bottom-up stock selection process. Our belief is that stock selection drives investment return by uncovering value/pricing inefficiencies. Fundamental, proprietary research focuses on long-term, relative value investing and positions us to allocate capital according to what we believe to be the best return/risk profile given the client’s investment objectives and restrictions. Top-down portfolio construction controls risk. Risk controls are designed to ensure that the firm allocates capital according to the preferred return/risk profile within the chosen strategy. Control variables include position size limits, property sector, geographic, industry and interest rate exposures.

We generally seek to have our clients' accounts fully invested, with the exception of frictional cash. We do not manage cash in our portfolio construction process. Thus, our sell discipline for long positions is based, in part, upon identifying new investment positions so that substantially all client cash is always invested.

Material Risks

The following is a description of some of the material risks related to the investment strategies and methods of analysis employed by the firm. Investors in the Funds should also review the respective Fund's offering materials which include a more detailed discussion of risks relating to an investment in such Fund. Except as noted below, the following risks are applicable both to client accounts (including the Funds) pursuing our "long only" strategy and to client accounts pursuing our "long-short" strategy:

General Investment Risk - All investments in securities and other financial instruments involve substantial risk of loss (potentially resulting in rapid declines in market prices and significant losses) arising from any number of factors that are beyond our control such as: changing market sentiment; changes in industrial conditions, competition and technology; changes in inflation, exchange or interest rates; changing domestic or international economic or political conditions or events; changes in tax laws and governmental regulation; and changes in trade, fiscal, monetary or exchange control programs or policies of governments or their agencies (including their central banks). Changes such as these, as well as innumerable other factors, are often unpredictable and unforeseeable, rendering it difficult or impossible to predict or foresee future market movements.

Strategy Risk - Our investment strategies involve identifying and investing in securities that we believe are undervalued and the sale of securities that we believe are overvalued. The success of our investment strategies depends in large part on our ability to accurately assess the fundamental value of the securities and the assets and businesses of the issuers of such securities. An accurate assessment of fundamental value depends on a complex analysis of a number of financial factors. No assurance can be given that we will be in a position to assess the nature and magnitude of all material factors having a bearing on the value of our client portfolios' positions, or that we will accurately assess the impact of all factors of which it is aware. We attempt to control strategy risks by imposing internal risk parameters and investment guidelines which may or may not be disclosed to clients. Such controls may not be successful.

Real Estate Securities – We generally will not invest in real estate directly, but, because our strategies focus on making investments in securities of REITs and other companies in the real estate industry, client portfolios will be significantly impacted by the performance of the real estate market and may experience more volatility and be exposed to greater risk than a more diversified portfolio by industry or sector. Real estate, like many other types of investments, historically has experienced significant fluctuation and cycles in value, and specific market conditions may result in occasional or permanent reductions in the value of the client's investments. The value of the client's investments will depend on many factors beyond our control, including, without limitation: changes in general economic or local conditions; changes in supply of or demand for competing properties in an area; changes in interest rates; the financial condition of buyers, sellers and tenants of property; changes in real estate tax rates and other operating expenses; energy and supply shortages; various uninsured or uninsurable risks; natural disasters; changes in the character of a company's assets; changes in dividend distribution rates; and changes in company management.

Concentration Risk – Client portfolios will not be broadly diversified by sector or industry; rather, as described above, although we expect to invest in the securities of various companies, our strategy focuses on investing in the securities of REITs and other companies operating in the real estate industry. An investment portfolio concentrated in the securities of certain companies or in companies doing business in specific industries or sectors presents greater risk than a portfolio that is diversified across many issuers, industries and market sectors. As a result, the performance of our strategies will be substantially dependent upon the performance of securities of companies in the real estate industry.

Institutional Risk - Clients are subject to the risk of the failure of any of the exchanges on which its positions trade or of their clearinghouses.

Custodial Risk - Financial institutions such as broker-dealers and banks will have custody of our clients' assets. Often assets held in custodial accounts will not be registered in the client's name. Financial difficulty, fraud or misrepresentation by custodian institutions could impair the operational capabilities or capital position of a client.

Small and Medium Capitalization Company Risk – We may invest client assets in the securities of publicly traded real estate companies with small to medium-sized market capitalizations. While we believe that these companies often provide significant profit opportunities, we recognize that smaller-capitalized companies involve higher risks in some respects than do investments in larger companies.

Directional Trading Strategy Risk – Many of the investments made for our clients may be designed to profit from forecasting absolute price movements in a particular security or instrument. Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position, will often not be hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations.

Equity Securities – Our investment strategies primarily focus on making investments in the equity securities of REITs and other real estate companies. Common stock and similar equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the governing body of the issuer out of income or other assets available after making interest, dividend and any other required payments on more senior securities of the issuer.

Debt Securities – We may invest in the debt obligations and convertible securities (which are securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company, or securities that are indexed to an unmanaged market index, at the option of the holder during a specified time period) of companies operating in the real estate industry. The market value of debt securities generally tends to decline as interest rates increase and conversely, increase as interest rates decline. Convertible securities also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates. Debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations, i.e., credit risk. In making debt investments, client portfolios may be exposed to credit risk. There can be no guarantee that we will be successful in making the right selections and thus fully mitigate the impact of credit risk with respect to our client portfolios.

Illiquid Instrument Risk - We expect that substantially all of a client's investments will be in the form of securities that are traded on organized exchanges or are actively traded in the over-the-counter market. Nevertheless, these markets may have, or could develop, limited liquidity and depth. Limited liquidity and lack of depth could be a disadvantage, both in the execution of orders at desired prices and in the ability to close out open positions.

Frequent Trading Risk – Our client accounts are actively managed and may involve frequent trading. Active management may result in increased brokerage, transaction costs, fees and taxes. Frequent trading may have an adverse effect on investment performance due to these additional costs. We currently manage all client accounts without regard to tax considerations.

Cyber Security Risk - With the increased use of technologies such as the Internet to conduct business, the firm is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and can lead to the misappropriation or corruption of client, account and trading information and related data. Cyber security failures or breaches by a third party service provider can cause disruptions and impact business operations and violations of applicable privacy and other laws. The firm has taken and continues to take steps that it deems commercially reasonable to mitigate the risk of a cyber security failure or breach.

Material Risks Specific to Our “Long-Short” Strategy:

Financing Arrangements and the Availability of Credit – We utilize leverage in carrying out our “long-short” investment strategy through borrowing and, to a lesser degree, through leverage which may be embedded in certain derivative instruments in which we may invest client assets. There can be no assurance that the Tactical Fund or any of our separate account clients pursuing our “long-short” strategy will be able to maintain adequate financing arrangements under all market circumstances. As a general matter, the banks and dealers that provide financing to our clients can apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. Changes by banks and dealers in such financing policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidation of positions at disadvantageous prices and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel the liquidation of all or part of a client’s portfolio at disadvantageous prices.

Relative Value Strategy Risk – We may pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mispricings underlying our clients’ trading positions were to

fail to converge toward, or were to diverge further from, our expectations, our clients may incur a loss.

Short Sales – We engage in short selling as part of our “long-short” investment strategy. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on client portfolios. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can be no assurance that securities necessary to cover a short position will be available for purchase. In addition, purchasing securities to close out the short position can itself cause the price of the relevant securities to rise further, thereby increasing the loss incurred. Furthermore, we may prematurely be forced to close out a short position if a counterparty from which a client borrowed securities demands the securities’ return, resulting in a loss on what might otherwise have been a profitable position and potentially resulting in unhedged exposure to a long, unmatched trade.

Hedging – We may not attempt to hedge all market or other risks inherent in our clients’ investment positions, and may hedge certain risks, if at all, only partially. Even if we are successful in entering into certain hedging transaction for the purpose of reducing or controlling risk, such activity will reduce the potential for client returns. Furthermore, it is possible that hedging strategies will not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged, increasing rather than reducing both risk and losses.

Options – We may utilize equity options to implement our “long-short” strategy. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received, which could result in a potentially unlimited loss.

Non-U.S. Securities – Although the firm’s investment strategies focus on investments in the securities of real estate companies operating in North America, we may make investments in the securities of companies domiciled outside the U.S. Investing in securities of non-U.S. entities that are generally denominated in foreign currencies involves certain

considerations comprising both risks and opportunities not typically associated with investing in securities of entities organized or domiciled in the United States. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, non-U.S. government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Item 9. Disciplinary Information

Neither the firm nor any of its management persons is or has been involved in any legal or disciplinary events that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10. Other Financial Industry Activities and Affiliations

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

Our sole member is HSRE. HSRE is a Chicago-based real estate investment management firm that currently sponsors a series of closed end real estate investment limited partnerships focused on investments in the U.S. and Europe, an open end core real estate fund, institutional investor separate accounts and a joint venture. In general, the U.S. limited partnerships hold investments in, and are focused on investing in student housing, seniors housing and storage, among other segments of the real estate industry while the non-U.S limited partnership focuses on student housing and education-related real estate investments in the United Kingdom and elsewhere in Europe. HSRE has, as of December 31, 2017, in the aggregate approximately more than \$13.5 billion of gross assets under management (utilizing a conversion rate of US\$1.2006 to €1.00 to convert non-US investment amounts to US Dollars), including operating properties and projects under development.

HSRE is also the sole member of Harrison Street Advisors, LLC (“HSTA”), an investment adviser registered under the Advisers Act. HSTA is the investment manager of Harrison Street Core Property Fund, L.P., a private real estate equity fund sponsored by HSRE, and its parallel funds. HSTA also provides asset management services to Harrison Street European Property Fund, L.P. and to an affiliated partner to the Harrison Street Core Property Fund, L.P. Substantially all of the employees of HSRE also provide services to HSTA.

We obtain general real estate market and economic information from HSRE and we share certain back office and administrative personnel with HSRE and HSTA. We also share certain of our principals and executive officers with HSRE and HSTA. Christopher Merrill (“Merrill”), a member of our board of managers, is a principal and officer of HSRE. Stephen Gordon (“Gordon”), a member of our board and also our Chief Legal Officer, is General Counsel to, and a principal of, HSRE. Tonia Nelson (“Nelson”), our Chief Compliance Officer is also the Chief Compliance Officer of HSRE and HSTA. Merrill is also the Chief Executive Officer, Chief Financial Officer and a member of the

investment committee of HSTA, and Gordon also serves as its General Counsel. None of Merrill, Gordon or Nelson are actively involved in the execution of our investment strategies or the management of client accounts. None of the funds sponsored by HSRE invest in publicly traded securities which is the focus of our investment strategies. However, certain HSRE-sponsored funds may receive publicly traded securities in connection with the sale or other disposition of such fund's property holdings and have, and may in the future, purchase publicly traded securities with the intent to acquire the underlying properties. Although the potential exists for material, non-public information to pass between HSRE and the firm, procedural, physical and legal barriers have been put in place to minimize the likelihood of such an event. More information is available to clients in the firm's Code of Ethics and the firm's Policies & Procedures Manual, each of which are available upon request.

We do not recommend or select other investment advisers for our clients.

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

Code of Ethics

We follow a Code of Ethics (the “Code”) that is designed to comply with Rule 204A-1 under the Advisers Act. A copy of the Code is available to current and prospective clients, as well as investors in the Funds, upon request.

The Code establishes rules of conduct for all employees of HSRE, including personnel associated with the firm, and is designed to, among other things, govern personal securities trading activities in the accounts of our personnel. In addition, the Code includes safeguards designed to avoid and/or mitigate conflicts of interests that could adversely affect our clients. In addition to requiring compliance with the applicable securities laws, the Code establishes policies and procedures designed to prevent the misuse of material, non-public information (including information regarding our clients’ portfolios and investment activities), and identifies activities that are either expressly prohibited or that require approval by our Chief Compliance Officer or designee. Matters that could give rise to an appearance of impropriety, such as gift giving and solicitation, serving on boards of directors of public companies, and political contribution payments and solicitation also require prior approval by the Chief Compliance Officer or designee.

The Code is based upon the principle that the firm and its employees owe a fiduciary duty to our clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. The Code is designed to ensure that the high ethical standards long maintained by the firm and its affiliates continue to be applied.

The firm and its personnel are subject to the following specific fiduciary obligations when dealing with clients:

- The duty to have a reasonable, independent basis for the investment advice provided;
- The duty to seek best execution for a client’s transactions where the firm is in a position to direct brokerage transactions for the client;

- The duty to ensure that investment advice is suitable to meeting, where applicable, the client's individual objectives, needs and circumstances; and
- A duty to be loyal to clients.

Interested Transactions and Conflicts of Interest

Neither the firm nor any access person of the firm shall recommend any securities transactions for a client without having disclosed his or her interest, if any, in such securities or the issuer thereof. The firm's principals, affiliates, and employees (collectively, "Firm Affiliates") may engage in investment activities for their own accounts, subject to compliance with the Code and the other policies and procedures to which they are subject. Certain of the investment strategies or instruments types invested in by Firm Affiliates may, in general, be the same, similar or different strategies or instruments invested in by the firm's clients. In addition, Firm Affiliates may invest in the Funds alongside third party investors, on terms that may be the same or different than offered to such third party investors.

Subject to compliance with applicable law, the firm reserves the right to engage in principal and cross transactions, as defined and interpreted under the securities laws. Such transaction may be undertaken for efficiency purposes in connection with portfolio rebalancings as a result of capital inflows or outflows, or for other purposes. The firm would have a conflict of interest in connection with any principal transaction between acting in the best interest of the client account(s) involved and assisting itself or its affiliate which has an interest in the transaction. The firm would endeavor to resolve this conflict and others in a manner that it deems equitable to the extent possible under the prevailing circumstances and applicable law.

Investors in the Funds are subject to additional conflicts of interest which are more fully described in each Fund's offering materials.

Investments by Supervised Persons

The Code sets forth standards of conduct expected of the firm's personnel and to address conflicts that may arise from firm personnel personal trading. We have adopted the following principles governing personal investment activities by our supervised persons:

- The interests of client accounts will at all times be placed first;
- All personal securities transactions will be conducted in such manner as to avoid and/or mitigate any actual or

- potential conflict of interest or any abuse of an individual's position of trust and responsibility; and
- Access persons must not take inappropriate advantage of their positions.

To best assure that clients' transactions have first priority, purchases and sales of publicly traded securities by our supervised persons and certain of their family members require pre-approval by our Chief Compliance Officer.

Specific, detailed procedures have been put into place by the firm to avoid and/or mitigate any potential conflicts of interest. More information is available to clients as set forth in the Code and the firm's compliance Policies & Procedures Manual. In this regard, purchases of real estate securities by access persons and their family members are generally prohibited, and all sales of real estate securities by access persons and their family members must be delayed until all applicable client sales are completed. The firm does not trade securities for its own account.

Item 12. Brokerage Practices

Broker-dealer selection

As a matter of policy and practice, the firm (i) does not encourage or solicit client referrals from broker-dealers, and (ii) does not currently accept advisory clients' instructions for directing a client's brokerage transactions to a particular broker-dealer.

The firm generally has full discretionary authority to place client transactions with the brokers of the firm's choosing, subject to satisfying our obligations to seek best execution. In selecting broker-dealers for client transactions, the firm considers a number of factors including, without limitation, execution capability, commission rates, technology, financial responsibility and counterparty risk, research coverage, special knowledge of the real estate equity securities markets, customer service and responsiveness, and the value of research and other goods and services provided, if any. Best execution is not determined by the lowest possible cost, but by the best qualitative execution. The firm need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. The firm periodically reviews and systematically evaluates the foregoing factors as part of its best execution determination.

From time to time, the firm may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting client transactions in excess of that which another broker-dealer might have charged for effecting the transaction that provide lawful and appropriate assistance in the investment decision-making process (i.e., "soft" dollars). The firm only participates in such soft dollar arrangements to the extent that such services fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934. The firm believes it is important to its investment decision-making processes to have access to independent research.

The use of soft dollars to obtain research or other products or services may create an incentive for the firm to use certain brokers in order to receive such benefits because it does not have to produce or pay for such products or services, rather than based on its clients' interest in receiving the most favorable execution. The firm may use research obtained from a broker to benefit all of its clients, not just the clients for whom it executed transactions with such broker.

Notwithstanding the forgoing, the firm addresses these conflicts by periodically reviewing its brokerage arrangements considering the best execution factors discussed above.

Trade Aggregation

It is the firm's policy that no client account will be owed a greater or lesser degree of loyalty than another client account and, therefore, no account or group of accounts should be given preferential treatment in connection with investment opportunities and trade orders. When an investment manager is responsible for both asset-based fee accounts and performance-based compensation accounts, a conflict of interest can arise in allocating purchases and sales among the client accounts. To address conflicts of interest and to carry out the above policy, the firm has adopted the following trade aggregation practices.

When the firm determines that two or more clients should participate in a specific purchase or sale of a security, it will generally aggregate the daily purchases or sales and allocate the securities so purchased or sold among the participating clients proportionally to the target positions in their respective accounts, unless investment restrictions or guidelines otherwise require.

Notwithstanding the firm's general trade aggregation practices, certain client accounts may be held at custodians that charge additional costs, including ticket charges and trade away fees, whenever such clients execute transactions with any broker other than their custodians. In such cases, the firm may determine that these additional charges could adversely affect execution cost for such clients, in which case the firm may determine to exclude such accounts from the firm's aggregated orders and execute their trades with the relevant custodians, unless the firm believes that doing so would not satisfy its obligations to seek best price and execution for such clients. The firm has adopted trade rotation practices to ensure that, over time, no client is disfavored by the exclusion of certain accounts from aggregated trade orders.

Item 13. Review of Accounts

The firm's investment personnel periodically review all client accounts for performance and consistency with their stated investment objectives and guidelines. Formal portfolio meetings attended by senior staff occur approximately weekly or more frequently as dictated by market conditions.

All client accounts are reviewed on a regular basis, generally daily, by the Director of Trading and Operations or his designee against the related custodial reports to verify cash and securities positions. In some instances, reconciliation of our records to custodial reports is delayed because of timing differences in the custodian's recording of trades. All client accounts are monitored intraday to maintain adherence to portfolio manager allocations.

Written reports are provided to investors in the Funds on a monthly basis by the firm and NAV Consulting, Inc., the Funds' administrator. These reports are reviewed by a portfolio manager and may include some combination of: market recap, investment performance, benchmark performance, individual account balance, and top portfolio holdings information.

Written reports to separate account clients are based on client preference, but are never less frequent than quarterly. These reports are reviewed by a portfolio manager and may include some combination of: market recap, investment performance, benchmark performance, individual account balance, and top portfolio holdings information.

In addition, the firm's investment management professionals are available to separate account clients via telephone and email throughout the business day.

Item 14. Client Referrals and Other Compensation

The firm does not receive any economic benefit from third parties in connection with the provision of investment advice or other advisory services to the firm's clients.

As of the date of this brochure, the firm has not entered into any ongoing referral arrangements with solicitors or placement agents, but may do so in the future. In the event the firm enters into such arrangements, they will comply with Rule 206(4)-3 under the Advisers Act.

Item 15. Custody

The firm does not have actual custody or take physical possession of client funds or securities for any client accounts. All client cash and securities are held by brokers or banks.

However, because the firm serves as managing member of the ALRA Fund and the firm's affiliate serves as general partner of the Tactical Fund, the firm (and its affiliate) is deemed to have constructive custody of the Funds' cash and securities. Registered investment advisers with actual or constructive custody of client funds or securities are required to comply with the Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). In order to comply with the Custody Rule, the firm has opted to have the Funds' financial statements audited annually by an independent accounting firm, and will deliver the Funds' audited financial statements to the investors in the Funds within 120 days following each Fund's fiscal year end. Investors should carefully review the annual audited financial statements for the Funds.

Item 16. Investment Discretion

We manage all client accounts on a discretionary basis.

As the ALRA Fund's managing member, the firm has full discretionary authority to manage the assets of the ALRA Fund under its governing documents. The Tactical Fund has executed an investment management agreement with us whereby we have been granted full discretionary authority to trade and manage the Tactical Fund's assets, and to determine which and the amount of investments to be purchased and sold for the account of the Tactical Fund. Any restrictions on our ability to manage the ALRA Fund or the Tactical Fund are stated in their respective governing documents and offering materials.

Separate account clients are required to execute investment advisory agreements with us granting discretionary authority to the firm. Separate account clients may limit discretion by including investment objectives and restrictions in their respective investment advisory agreements. Common limitations may include choice of benchmark index, allowable weight of out of benchmark index securities, and types of out of benchmark securities.

Item 17. Voting Client Securities

Unless instructed otherwise by clients, the firm generally accepts responsibility for voting proxies for portfolio securities consistent with instructions and guidelines set forth in the applicable client agreement and otherwise what we believe to be the best economic interests of the clients. Our firm maintains written policies and procedures as to the handling, voting and reporting of proxy voting, and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice includes the responsibility to review and research proposals, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

As a matter of practice, the firm votes the securities held for the Funds, and for separate accounts. The firm will identify any conflicts that exist between the interests of the firm and those of the client or between the interests of the client and those of firm by reviewing the relationship of the client and firm with the issuer of each security to determine if any such person has any financial, business or personal relationship with the issuer. If a material conflict of interest is noted, we will determine whether it is appropriate to disclose the conflict to the client or investors, to give the client or investors an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or after receiving an independent third party voting recommendation

Proxy voting policies and procedures and how proxies have been voted are available to clients and investors in the Funds upon written request.

Item 18. Financial Information

The firm does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

The firm does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance, and has not been the subject of a bankruptcy petition at any time during the past ten years.