

FPA Real Estate Advisers Group, LLC

Form ADV Part 2

2082 Michelson Drive, 4th Floor
Irvine, CA 92612
(949) 399-2500

April 10, 2017

This brochure provides information about the qualifications and business practices of FPA Real Estate Advisers Group, LLC ("FPA REAG" or the "Company"). If you have any questions about the contents of this brochure, please contact us at ssanders@fpareag.com or (949) 399-2500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration as an adviser does not imply any level of skill or training.

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

Item 2. Material Changes

As this is the first brochure prepared by FPA Real Estate Advisers Group, LLC there are no material changes to report.

Item 3. Table of Contents

Item 2.	Material Changes	2
Item 3.	Table of Contents	3
Item 4.	Advisory Business	4
Item 5.	Fees and Compensation	4
Item 6.	Performance-Based Fees and Side-by-Side Management	5
Item 7.	Types of Clients	5
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9:	Disciplinary Information	8
Item 10:	Other Financial Industry Activities and Affiliations	8
Item 11:	Code of Ethics, Participation or Interest in Client Transactions & Personal Trading	8
Item 12:	Brokerage Practices.....	9
Item 13:	Review of Accounts	9
Item 14:	Client Referrals and Other Compensation.....	9
Item 15:	Custody	9
Item 16:	Investment Discretion	10
Item 17:	Voting Client Securities	10
Item 18:	Financial Information	10

Item 4. Advisory Business

FPA Real Estate Advisers Group, LLC ("FPA REAG") is a Delaware limited liability company established in March 2017. The sole member of the LLC is The Gregory A. Fowler Living Trust, Gregory A. Fowler Trustee.

FPA REAG and its affiliates comprise a vertically integrated Real Estate investment organization with expertise in acquisitions, dispositions, finance, property management and construction/renovation.

FPA REAG provides discretionary investment advisory services exclusively to privately offered pooled investment vehicles (the "Funds") that invest in Real Estate Investment Trusts (REITs) managed by affiliates of FPA REAG. Each Fund owns 100% of the voting stock in the REIT in which it invests. Together with other funds that do not own securities, the REITs invest, directly or indirectly, substantially all of their assets in real property, primarily multifamily real estate suitable for the average blue-collar, workforce renter in target markets throughout the United States.

The advice provided by FPA REAG to each Fund is based on the investment objectives and strategies described in that Fund's private placement memorandum. Investment restrictions, if any, are also contained in the private placement memoranda. See **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.**

Properties are managed on a discretionary basis. As of April 10, 2017, FPA REAG had regulatory assets under management of \$0.00.

Item 5. Fees and Compensation

FPA REAG receives Fund Management Fees in exchange for investment advisory services provided. Affiliates of FPA REAG, in their capacity as General Partner of the Funds, earn performance-based compensation ("Carried Interest") from the Funds.

Fund Management Fees are payable in advance in equal quarterly installments on the first business day of each quarter, generally as follows (but subject to the terms stated in a Fund's governing documentation):

- (a) The quarterly Fund Management Fee is generally one and one-half percent (1.5%) of a Fund's total Capital Commitments (Fund Management Fees are not, however, charged on a Fund's reserve funds) beginning on the first day of the calendar quarter in which the first Investment is closed and ending on the date of termination of the Investment Period (i.e., the period during which the Fund in question is permitted to make new investments).
- (b) During the Operating Period (i.e., the period following the close of the Investment Period until a Fund is terminated), the calculation of the quarterly Fund Management Fee is generally equal to .375% the Fund's aggregate invested capital after the deduction from invested capital less distributions as a result of a sold or recapitalized investment and permanent write-offs.

Affiliates of FPA REAG, in their capacity as General Partner of each Fund, generally receive a carried interest of 20%. In accordance with each Fund's governing documentation, Carried Interest is calculated after the stated capital and a defined return requirements are met for the Fund.

Other than the fees and carried interest described above, affiliates of FPA REAG may receive additional fees and may realize profits as a result of other aspects of owning and operating the investment properties, including property management fees and general contractor fees.

In addition to the fees described above, each Fund also bears all of its operating expenses, including legal, organizational and other expenses. Please refer to each Fund's private placement memorandum for additional information on fees and expenses.

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

FPA REAG currently only manages Funds that pay performance-based compensation as described in **Item 5. Fees and Compensation** above. The fact that affiliates of FPA REAG are compensated based on the success of investments held by the Funds may create an incentive for FPA REAG to make investments that are riskier or more speculative than those that we may otherwise recommend in the absence of such compensation. Our individual employees and affiliates who are compensated to some extent based upon profits for which they are responsible face the same potential conflict. We believe, however, that the receipt of performance compensation generally aligns our interests with those of our Funds' investors.

Item 7. Types of Clients

FPA REAG provides investment advisory services to the Funds, which are privately offered pooled investment vehicles. Investment in the Funds are accepted in accordance with the criteria specified in each Fund's organizational and offering documentation.

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

Investment Strategy and Methods of Analysis

FPA REAG's objective is to make profitable direct and indirect investments on behalf of the Funds in multifamily real estate throughout the U.S., primarily in markets where FPA has an established presence and experience.

Risk of Loss

Risks associated with the Funds' investments and investment strategies are disclosed and discussed in the Funds' offering documents. Those disclosures and discussions are incorporated in this brochure by reference with respect to each Fund. The following matters should be particularly noted with respect to the risks of investment in multifamily real estate. The Funds make their investments indirectly through the REITS in which they invest.

Competition for Real Property Interests. The Funds encounter competition for real property investments from numerous other real estate investment partnerships, limited liability companies and trusts, as well as from individuals, corporations, bank and insurance company investment accounts, foreign investors and other entities engaged in real estate investment activities. Competition for investments may have the effect of increasing costs, thereby reducing investment returns to the Funds.

Unforeseen Acquisition Results. Acquisitions made by the Funds may prove to be unsuccessful. The Funds may encounter unanticipated difficulties and expenditures relating to any acquired properties, including contingent liabilities. The Fund's may never realize the anticipated benefits of an acquisition, which could adversely affect its ability to dispose of properties or make distributions to Investors.

Investment in Troubled Assets. The Funds may make substantial investments in nonperforming or other troubled assets that involve financial risk, and there can be no assurance that the Funds' internal rate of return objectives will be realized or that there will be any return of capital. Furthermore, investments in properties operating in workout mode may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of the investor's original investment, including equitable subordination or disallowance of claims or lender liability. In addition, under certain circumstances, payments to the Funds and distributions by the Funds to the Investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment under applicable law.

Leverage of Investments. The Funds may leverage investments with non-recourse debt financing. The use of leverage may substantially increase the risk of loss. Additionally, use of leverage on any particular investment increases the exposure of such investment to adverse economic factors such as rising interest rates, severe economic downturns or deterioration in the condition of the applicable investment or the market in which the investment is made. In the event a real estate investment is unable to generate sufficient cash flow to meet its principal and interest payments on its indebtedness, the value of that investment to a Fund is likely to be significantly reduced or even eliminated.

Targeted Returns. There is no assurance that the Funds will achieve intended internal rate of return objectives. On any given investment or the Funds' investments in the aggregate, loss of principal is possible.

Reliance on Principal and Key Employees. The success of the Funds is substantially dependent on Gregory Fowler and other members of our management team. Should one or more of these individuals become incapacitated or in some other way cease to participate in the Funds, the Funds' performance could be adversely affected.

OTHER REAL ESTATE RISKS

Business Interruptions. Market fluctuations in real estate financing and the fall-out from the recent subprime mortgage crisis may continue to affect the availability and cost of funds needed in the future for the real estate assets. Credit availability has been recently restricted and may become more restrictive in the future. Restrictions upon the availability of real estate financing or high

interest rates for real estate loans could adversely affect the Funds' properties and the ability of the Funds to purchase Investments at a reasonable price or sell the Properties at a profit or at any price. The Property operations are vulnerable to interruption by fire, earthquake, power loss, telecommunications failure and other events beyond its control.

The Economy. Local economic downturn and regional and national economic softness could adversely affect the economic value of the Funds' investments. If the tenants in a particular region were to suffer serious economic setbacks, they might not be able to pay rent due under their leases. If the tenants are unable to pay the rent, the Funds may not receive any net proceeds from one or more of the Properties or, worse, may not be able to repay the loans used to acquire and finance improvements in their properties; in a worst case scenario, this could result in the loss of a property if the Lender were to foreclose.

Terrorist Attacks and Geo-Political Instability. Terrorist attacks in the United States and elsewhere and ongoing international tensions could combine to cause significant uncertainty in financial and other markets. Those events and circumstances could continue to have a material adverse effect on general economic conditions, consumer confidence and market liquidity as well as having an effect on interest rates.

Fluctuations in Recent Real Estate Values. Market values for real property have experienced a significant rise in the past several years in the markets in which the Funds invest. Such rises with some frequency are followed by significant, and sometimes sudden, drops or levelings of market values.

General risk of investment in multi-family real estate. The economic success of the Funds' investments is subject to those risks typically associated with investments in real estate. Fluctuations in vacancy rates, rent schedules and operating expenses can adversely affect operating results or render the sale or refinancing one or more of the Funds' properties difficult or unattractive. The Funds cannot assure that certain assumptions as to the future levels of occupancy of their properties, and the cost of maintenance or operating the properties, will be accurate since such matters depend on events and factors beyond the control of us and the Funds. Such factors include continued validity and enforceability of the tenant leases, vacancy rates for properties similar to the Funds' properties, financial status of tenants and rent levels for comparable projects near the Funds' properties, adverse changes in local population trends, market conditions, neighborhood values, local economic and social conditions, supply and demand for property such as the Funds' properties, competition from similar properties, interest rates and real estate tax rates, availability of commercially reasonable financing, governmental rules, regulations and fiscal policies, the enactment of unfavorable real estate, rent control, environmental, zoning or hazardous material laws, uninsured losses, effects of inflation and other risks.

Environmental liabilities. Federal, state and local laws impose liability on a landowner for release or the otherwise improper presence on the premises of hazardous substances. This liability is often without regard to fault for, or knowledge of, the presence of such substances. A landowner may be held liable for hazardous materials brought onto the property before it acquired title and for hazardous materials that are not discovered until after it sells the property. Similar liability may occur under applicable state law. If any hazardous materials are found in, under or around a Fund property in violation of law at any time, the Fund may be liable for all cleanup costs, fines, penalties

and other costs in excess of pollution insurance coverages. If losses arise from hazardous substance contamination that cannot be recovered from a responsible party, the financial viability of a property may be substantially affected. In extreme cases, a property may be rendered worthless, or worse, a Fund may be obligated to pay cleanup costs in excess of the value of the contaminated property.

Item 9: Disciplinary Information

Neither FPA REAG nor its employees have been involved in any material legal or disciplinary events.

Item 10: Other Financial Industry Activities and Affiliations

Neither FPA REAG nor its management persons are registered or have an application pending to register, as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, commodity pool operator, or a commodity trading adviser.

As discussed in **Item 4. Fees and Compensation** above, affiliates of FPA REAG receive compensation in the form of property management fees and general contractor fees in exchange for services provided to individual properties owned by the REITs. The receipt of such fees may give rise to a conflict of interest between FPA REAG and its affiliates and the Funds. However, FPA REAG believes that the fees received are lower or comparable to those that would be charged in arms' length transactions with third parties. Additionally, the ongoing provision of these services is subject to review by an Advisory Committee.

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

FPA REAG has adopted a Code of Ethics in compliance with Rule 204A-1(a) under the Investment Advisers Act of 1940 that establishes standards of conduct for FPA REAG's supervised persons. The Code of Ethics includes general requirements that FPA REAG's supervised persons must comply with fiduciary obligations to clients and with applicable securities laws, and specific requirements relating to personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to comply with the personal trading restrictions described below and to report their personal securities transactions and holdings periodically to FPA REAG's Chief Compliance Officer (CCO), and requires the CCO to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the CCO.

Each supervised person of FPA REAG receives a copy of the Code of Ethics and any amendments to it and must acknowledge having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Clients and prospective clients may obtain a copy of FPA REAG's Code of Ethics by contacting Shelly Sanders at (949) 399-2500 or ssanders@fpareag.com.

Because FPA REAG may advise more than one Fund, there could be conflicts of interest over its time devoted to managing any one Fund and allocating investment opportunities among all Funds that it advises. FPA REAG selects investments for each Fund based solely on investment considerations for that Fund and generally does not initiate the organization of a new group of Funds until the Investment Period of a previous group of Funds that invest in similar properties has terminated or is nearing termination. In addition, different Funds may have differing investment strategies. FPA REAG attempts to resolve all conflicts in a manner that is fair to all its Funds and will at all times place the interest of the Funds ahead of the interests of the Firm and Employees.

Item 12: Brokerage Practices

The ultimate investments of the Funds are, through the REITs in which the Funds invest, real estate assets, and the Funds generally do not purchase or sell securities. FPA REAG does not currently have, nor does it expect in the future to have, a relationship with any securities broker-dealer.

Item 13: Review of Accounts

FPA REAG reviews the Funds' holdings on a regular basis. Those reviews may include such matters as asset allocation, cash management, the prospects of individual real estate assets, occupancy and rental rates, and budget and timeline of project renovations.

Each Fund will furnish K-1's and tax information 90 days from end of the calendar year. On a quarterly basis, each Investor will be furnished with an unaudited balance sheet, income statement and summary report on the Fund's investments, including descriptions of new acquisitions and dispositions. On April 30 of each year other than the first year, audited financial statements (including a balance sheet, income statement and statement of Partners' capital) for the prior year, and an Annual Valuation (as of October 30 of the prior year) of all Fund investments will be delivered electronically to Investors.

Item 14: Client Referrals and Other Compensation

FPA REAG does not currently receive or pay any other party compensation for Client or Investor referrals.

Item 15: Custody

FPA REAG's affiliates are deemed to have custody of the Funds' assets because they serve as general partners of the Funds. Accordingly, the Funds are subject to an annual audit and audited financial statements are distributed to each Investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Fund's fiscal year end.

Item 16: Investment Discretion

FPA REAG has discretionary authority to manage the assets of the REITs (subject to supervision by the REIT boards of directors) pursuant to management agreements with the REITs. In all cases such discretion is to be exercised in a manner consistent with the stated investment objectives for each particular REIT.

Item 17: Voting Client Securities

Except with respect to the Funds' ownership interests in REITs (which constitute all of a REIT's voting securities), the Funds invest do not invest in securities. Therefore, except in the management of those REIT interests, FPA REAG does not take action or render any advice with the respect to the voting of proxies. The Funds will be provided upon request with copies of FPA REAG's policies with regard to the voting of their securities.

Item 18: Financial Information

FPA REAG has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to the Funds and has not been the subject of a bankruptcy proceeding.