



## Form ADV Part 2A: Firm Brochure

### Breakthrough Services, L.L.C.

December 11, 2020

#### **Principal Office**

Breakthrough Services, L.L.C.  
2049 Century Park East, Suite 1940,  
Los Angeles, CA 90067  
213-378-1801  
[www.btprop.com](http://www.btprop.com)

This brochure provides information about the qualifications and business practices of Breakthrough Services, L.L.C. (collectively the “Adviser”). For more information on the disclosure requirements required for Part 2A see the “General Instructions for Part 2 of Form ADV” by visiting [www.sec.gov/rules/final/2010/ia-3060.pdf](http://www.sec.gov/rules/final/2010/ia-3060.pdf). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Lesley Chao, at 213-378-1801 or email [lchao@btprop.com](mailto:lchao@btprop.com).

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

The Adviser is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

## **Item 2: Material Changes**

In August 2020, the Adviser filed its initial application to register as an investment adviser with the SEC. Accordingly, pursuant to disclosure rules under the Advisers Act, this is an amendment to the first Brochure, dated August 7, 2020, compiled by the Adviser to provide new and prospective investors with clearly written, meaningful, current disclosure of its business practices, conflicts of interest and background of its advisory personnel. We encourage all recipients of this Brochure to read it carefully in its entirety.

Amendments to this Brochure include:

Item 4: Disclosure of changes to the Fund name and an update to the Adviser's RAUM, reflecting the initial closures of the Fund.

In the future, this Item will identify and discuss the material changes since the last annual update to assist investors and make them aware of certain information that has changed since the prior year's Brochure and that may be important to them.

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

## Item 4: Advisory Business

Breakthrough Services, L.L.C. (the “Adviser”) is a Delaware limited liability company, founded in 2019. Breakthrough Properties (“Breakthrough”) is a joint venture between Tishman Speyer Properties L.P. (“Tishman Speyer”) and Bellco Capital LLC (“Bellco Capital”).

Breakthrough is a life science real estate investment company that leverages cross-sector collaboration to deliver environments that foster innovation and scientific breakthroughs. The joint venture combines Tishman Speyer’s global real estate platform with Bellco Capital’s life science investment expertise to capitalize on the rapidly expanding, yet substantially undersupplied, life science real estate industry. The Adviser is led by an experienced management team that focuses on acquiring, developing and operating life science real estate.

Tishman Speyer is a global developer of large, complex mixed-use projects and is best known for innovative approaches to architecture, placemaking, interior design, sustainability, healthy live-work environments, and tenant amenities. Bellco Capital and its partners, Two River Consulting, LLC (“Two River”) and Vida Ventures, LLC and its affiliates (“Vida Ventures”), leverage their founders’ first-hand experience as academic physicians, scientists and life science entrepreneurs to build, invest, and support companies developing potentially transformative treatments for unmet medical needs. By leveraging the resources provided by both organizations, the Adviser will assemble a portfolio of life science properties and curate dynamic ecosystems that foster collaboration among life science industry leaders.

The Adviser provides investment advice regarding real estate assets in the life science sector to Breakthrough Properties Growth Portfolio I, L.P. (the “Fund” or the “Client”), a Delaware limited partnership. Breakthrough Properties Growth Portfolio I Associates, L.L.C., a Delaware limited liability company controlled by Breakthrough Properties LLC, will serve as the general partner (the “General Partner”) of the Fund.

The advice provided by the Adviser to the Fund is tailored to meet the investment objectives and restrictions of the Fund, not the investors (each, an “Investor” or “Limited Partner”) in the Fund. The advice provided will be in accordance with the investment objectives, strategies and restrictions described in the Fund’s Confidential Offering Memorandum, Limited Partnership Agreement (the “Partnership Agreement”), and any other governing agreements (collectively, the “Fund Governing Documents”).

During the period commencing on the initial closing of the Fund and ending no later than the tenth anniversary thereof, Breakthrough expects to raise additional investment vehicles that will primarily make value-add and development investments (each, a “Successor Growth Portfolio”). Breakthrough will also selectively participate in income producing investments through a single “open-end” pool, Breakthrough Properties Income Portfolio, L.P. (the “Fund Income Portfolio”). Further information regarding the Fund, the Successor Growth Portfolios and the Fund Income Portfolio is available in the Fund Governing Documents.

The Adviser and the Fund are newly formed entities. As of the date of this amendment, the Adviser has approximately \$489.7 million in regulatory assets under management, as a result of the second closing of the Fund. All assets are being managed on a discretionary basis.

## **Item 5: Fees and Compensation**

Investors should consult the Fund Governing Documents for more details regarding the calculation of fees and expenses.

### Management Fees

The Fund pays the Adviser or its affiliates an annual management fee (“Management Fee”) in accordance with the Fund Offering Documents. Prior to the end of the Fund’s investment period, the Management Fee is generally 1.50% of the Limited Partners’ capital commitments to the Fund. Thereafter, the calculation of the Management Fee will be based on Limited Partners’ invested capital rather than committed capital.

The Management Fee shall be payable monthly in arrears. Any calculation in respect of a period of less than three months shall be adjusted on a *pro rata* basis according to the actual number of days during such period.

Certain Limited Partners in the Fund may be charged Management Fees at lower rates than other Limited Partners in the Fund, or may be exempted from bearing their pro rata share of certain fees and expenses that the Fund is required to pay or reimburse to the Adviser or its affiliates. Such special arrangements are generally provided for in side letter agreements between such Limited Partners and the General Partner, or in the Fund Governing Documents.

### Performance Based Compensation

As described in further detail in the Fund Governing Documents, the General Partner will receive performance based compensation in the form of incentive allocations (the “Incentive Allocations”). The Incentive Allocations will be equal to 20%, with an annual “preferred return” threshold of 8%.

### Organizational and Operating Expenses

The Fund will bear legal, operating, organizational, and offering expenses.

The Fund will be responsible for costs, expenses and liabilities that are incurred by or arise out of the operation and activities of the Fund as determined by the General Partner in its sole discretion, including: (a) the Management Fee; (b) Property Level Fees and related expenses; (c) Scientific Advisory Board Fees and related expenses; (d) fees and expenses relating to consummated portfolio investments, unconsummated investments and temporary investments, including the evaluation, acquisition, holding, development, redevelopment, construction, management, operation and disposition thereof and the sourcing of co-investment capital in connection therewith, to the extent that such fees and expenses are not reimbursed by a third person; (e) interest on and fees and expenses related to or arising from any indebtedness or hedging activities

of the Fund; (f) premiums for insurance protecting the Fund and any covered person from liabilities to third persons in connection with the investment and other activities of the Fund; (g) legal, custodial, administration, auditing, accounting, regulatory, tax and compliance expenses, including expenses associated with (i) the preparation of the financial statements, tax returns and Schedule K-1s of the Fund and the representation of the Fund or the Partners by the partnership representative, (ii) compliance with the AIFM Directive and (iii) Form PF, U.S. Treasury forms and FATCA compliance, in each case as relates specifically to the Fund or any property of the Fund, but excluding, for the avoidance of doubt, costs of Breakthrough's general compliance with the Advisers Act, such as those relating to the preparation and updating of the Form ADV; (h) banking and consulting expenses; (i) appraisal and valuation costs and expenses, including costs and expenses of independent appraisal or valuation services or third-party vendor price quotations; (j) costs and expenses related to organizing any Person, including any REIT subsidiary or any alternative investment vehicle, through or in which portfolio investments may be made or held; (k) expenses of the Advisory Board; (l) reasonable meal, travel and entertainment expenses related to the activities and investments of the Fund; (m) costs and expenses that are classified as extraordinary expenses under GAAP; (n) except as otherwise provided in the Partnership Agreement, taxes and other governmental charges, fees and duties payable by the Fund; (o) damages and other costs and expenses relating to costs of litigation or other matters that are the subject of the indemnification obligations of the Fund under the Partnership Agreement; (p) costs of reporting to the Limited Partners and to governmental authorities with respect to the Limited Partners, the Fund or the activities or investments of the Fund; (q) costs of communications and meetings with Limited Partners and expenses related to ongoing investor relations (including licensing, implementing, maintaining, or otherwise utilizing any online reporting websites or portals, data rooms, secure-file transfer services and customer relationship management software); (r) costs associated with attending any industry conferences (including any travel costs related thereto); (s) costs, fees and expenses of any third-party advisor or consultant to the Fund; (t) costs associated with the transfer of a Limited Partner's interest in the Fund, to the extent not borne by such Limited Partner or the transferee; (u) costs of winding up, liquidating and terminating the Fund; (v) all annual registration fees and registered office fees and expenses; (w) costs associated with any feeder fund (other than any taxes of such feeder fund); and (x) Breakthrough Costs attributable to providing legal, accounting, tax advisory, tax compliance and other corporate services to the Fund or any property of the Fund; but not including organizational expenses of the Fund.

#### Property Level Fees for Services

The Fund or its affiliates may retain an affiliate of Breakthrough to provide property management, leasing, development, construction management, and tenant improvement services pursuant to agreements in substantially the same form as agreements used by Breakthrough in the applicable local market. In instances where Breakthrough or its affiliates do not act as general contractor for tenant improvements, Breakthrough or its affiliates will be entitled to receive an oversight fee based on the amount of the tenant allowance provided by the landlord. Breakthrough and its affiliates will charge the Fund fees for providing these property level services and further information regarding those fees are described in the Fund Offering Documents.

Development fees are charged with respect to ground-up developments and large-scale redevelopment/refurbishment projects. Construction management fees are charged with respect to

tenant improvements/buildouts and routine redevelopment/refurbishment projects. The Fund or its affiliates will also reimburse Breakthrough, when acting as property manager, leasing agent, developer or construction manager with respect to any property investment, for customary out-of-pocket expenses incurred in the performance of their duties, and will reimburse such property manager, developer, or construction manager (but not leasing agent) for the Breakthrough Costs (as defined below) incurred in relation to such roles.

“Breakthrough Costs” means the internal costs and expenses of the General Partner, the Adviser and its affiliates, including (a) compensation payable to employees of the Adviser or its affiliates (including base salaries, bonuses, medical benefits, retirement benefits, payroll taxes, severance payments, transportation benefits, expatriate cost-of-living allowances (such as housing reimbursement, leasing of vehicles, student tuition payments, relocation and moving costs and travel-related expenses for periodic visits home), transaction visits and other fringe benefits) and (b) overhead (dues/subscriptions, space and equipment rental, insurance, utilities, supplies, information technology-related expenses, dues and subscriptions, and support functions such as human resources, mailroom staff, receptionists, information technology staff, administrative assistants and records management, as well as search agency fees incurred in recruiting employees).

#### Scientific Advisory Board Fees

Breakthrough has established a Scientific Advisory Board of leading scientists, entrepreneurs, CEOs, and venture capital investors to provide a variety of services to the Breakthrough team in order to support the growth of the platform. The Scientific Advisory Board members are not employees of Breakthrough. The Scientific Advisory Board will be entitled to receive fees in connection with the services it performs with respect to any portfolio property (the “Scientific Advisory Board Fees”). Any Scientific Advisory Board fees shall be solely for the benefit of the Scientific Advisory Board and will not be shared with the Fund. The Scientific Advisory Board members will also be entitled to be reimbursed for customary out-of-pocket expenses incurred in providing services to the Fund and any portfolio property.

#### Co-Investments

The General Partner may in its discretion structure any co-investment opportunity such that participants in such co-investment opportunity (other than participants with discretionary capital managed by the Adviser) do not bear any broken deal expenses, with the result that the Fund may bear all such broken deal expenses.

#### Joint Venture Partner Compensation

Breakthrough occasionally invests in assets where the investment opportunity is shared with a joint venture partner (“JV Partner”) that provides equity and/or services to the project. JV Partners can receive compensation in the form of management fees and/or incentive allocations when investments outperform certain hurdles. This compensation is typically paid to the JV Partner by the underlying asset, which is an indirect expense to the Fund.

### Advisory Boards

The Fund will indemnify the members of the Advisory Boards for their services as such and will reimburse the members for their reasonable out-of-pocket expenses.

### Side Letters

The General Partner may enter into side letters or other agreements with individual Limited Partners that have the effect of establishing rights under, or altering or supplementing, the terms of the Partnership Agreement. Any rights established, or any terms of the Partnership Agreement altered or supplemented in a side letter with a Limited Partner will govern with respect to such Limited Partner.

## **Item 6: Performance Based Fees and Side-by-Side Management**

As described in Item 5 above and in the Fund Governing Documents, the performance element of the General Partner's compensation, the Incentive Allocations, may create an incentive for the General Partner to make more speculative investments on behalf of the Fund than it would otherwise make. The manner in which the General Partner's entitlement to Incentive Allocations is determined may result in a conflict between its interests and the interests of Limited Partners with respect to the sequence and timing of dispositions of investments.

For example, the members of the General Partner are generally subject to US federal and local income tax (unlike certain of the Limited Partners). Investors should note in this regard that tax reform legislation enacted at the end of 2017 in the US relating to the taxation of incentive allocations/carried interest provides for a lower capital gains tax rate with respect to carried interest in respect of investments held for at least three years. The General Partner may be incentivized to operate the Fund, including to acquire, structure, hold and/or sell investments (including follow-on investments), in a manner that takes into account the tax treatment of its incentive allocations/carried interest. While the General Partner generally intends to seek to maximize pre-tax returns for the Fund as a whole, the General Partner may nonetheless be incentivized, for example, to hold investments longer to ensure long-term capital gains treatment and/or realize investments as dividends entitled to long-term capital gain rates.

The Adviser or its affiliates, may, in the future, manage multiple accounts with different fee structures, including clients that pay fees lower or higher than those paid by the Fund. In such case, there would be a potential conflict of interest in that the Adviser or its affiliates may have an incentive to provide preferential treatment in terms of time, resources, and investment opportunities to clients paying higher fees. In addition, if the Adviser receives performance-based fees from one client but not another, it may have an incentive to make riskier or more speculative investment decisions for the client subject to performance fees. The Adviser has adopted investment allocation policies and procedures designed to mitigate these potential conflicts of interest.

Certain Limited Partners in the Fund may be subject to more favorable carried interest arrangements with the General Partner than other Limited Partners. Such special arrangements are



generally provided for in side letter agreements between such Limited Partners and the General Partner.

The Fund can also form a joint venture with one or more third-party co-investors in order to acquire one or more specific real estate assets. In such cases, the Adviser or the Fund can be entitled to receive performance based compensation payments from such third-party co-investors.

## **Item 7: Types of Clients**

The Adviser's client is the Fund. The Fund is a limited partnership formed in Delaware and operates pursuant to one or more exemptions from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"). The Fund may include special purpose vehicles and/or parallel structures established for tax, regulatory or other considerations.

The Limited Partners in the Fund are institutional investors, high net worth individuals, and "knowledgeable employees" (as defined in the Investment Company Act) of the Adviser and its affiliates. Institutional investors in the Fund may include, but are not limited to, sovereign wealth funds, public and private, foreign and domestic pension plans, governmental pension plans, insurance companies, corporations, state and municipal government agencies and foreign governments, banks and other financial institutions, funds of funds, charitable organizations, foundations, and endowments.

All Limited Partners are subject to applicable suitability requirements. Typically, a \$25 million minimum commitment is required to invest in the Fund, but the minimum may be waived at the discretion of the Adviser on a case-by-case basis.

The General Partner may enter into side letters or other agreements with individual Limited Partners that have the effect of establishing rights under, or altering or supplementing, the terms of the Partnership Agreement. Any rights established, or any terms of the Partnership Agreement altered or supplemented in a side letter with a Limited Partner will govern with respect to such Limited Partner. Such side letters may grant preferential rights and economic terms with respect to the Fund to certain Limited Partners in the Fund relative to those of other Limited Partners. The opportunity to enter into side letter agreements with the General Partner is not available to all Limited Partners and is generally subject to the General Partner's sole discretion.

Generally, no Limited Partner may withdraw its interests in the Fund, provided that, subject to certain conditions, Limited Partners may transfer their interests therein. Further information regarding transfer and liquidity rights are described in the Fund Governing Documents.

## **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**

### Methods of Analysis and Investment Strategies

The Adviser's lab specialists will collaborate with Tishman Speyer's local deal teams and leverage the Bellco Capital platform to inform the investment strategy, diligently underwrite tenant credit, and provide differentiated services to support tenants' growth.

The Fund will invest strategically in life science real estate where the team identifies attractive risk adjusted returns with a focus on creating a portfolio of Class A lab properties. Targeted investment profiles include:

- **Build-to-Core:** The Adviser plans to leverage the platform's development expertise and deep understanding of tenant requirements to identify development sites in the path of growth and develop state-of-the-art life science facilities.
- **Reposition-to-Core:** The Adviser will utilize the partnership's network to source and identify both non-life science assets with appropriate physical specifications and outdated existing lab facilities to reposition into Class A life science properties with best in-class amenities and a full service operational model to create additional value.
- **Buy-to-Core:** The Adviser will seek out attractive core and core-plus acquisition opportunities in primary and emerging markets, driving value through operational and asset management excellence.

The Fund's investments will be located primarily in Boston, San Francisco, San Diego, Seattle, Philadelphia, Raleigh-Durham, Washington DC, New York, Los Angeles, and Chicago (the "Target Markets"). The Fund will target investments in both established and emerging submarkets within the Target Markets.

The Fund will seek to hold Class A properties at an attractive basis over the long run, maximizing value through Class A management and services and benefiting from strong cash-on-cash yields supported by a sticky life science tenant base. The intent of this strategy is for investors in the Fund to assemble a portfolio of strategically located, well-leased properties that have long-term intrinsic value and that are otherwise very difficult to access in the open market. By providing investors with consistent ownership across the entire platform, the Adviser will be well positioned to support high-growth life science companies' space needs on a strategic portfolio basis, driving value creation through enhanced tenant retention. This strategy will allow investors in the Fund to benefit from the continued growth and appreciation of these assets, locking in exposure to high quality, income generating assets over an extended period of time. In addition, by holding assets long-term, investors will avoid paying repeat transactional and frictional costs upon sale, reduce redeployment risk at inopportune market timing, and manage investments in a more tax-efficient manner relative to closed-end funds.

### Investment Risks

An investment in the Fund involves various risks, and should therefore be undertaken only by investors capable of evaluating and bearing the risks such investment presents. Such risks include, but are not limited to, those described below. Investors should review the Fund Governing Documents for further information regarding risks associated with an investment in the Fund.

- **Risk of Loss of Capital.** All investments involve the risk of loss of capital and Limited Partners should be prepared to bear that loss. There can be no assurance that (i) the General Partner will be able to choose, make and realize investments on behalf of the Fund

in any particular property or transaction, (ii) the Fund will be able to generate returns for its Limited Partners or that the returns will be commensurate with the risks of investing in the type of transactions described herein or (iii) a Limited Partner will receive any distributions from the Fund. Accordingly, an investment in the Fund should only be considered by persons who can afford a loss of their entire investment.

- **Risks of real estate ownership.** Any interest in real property, including ownership in vehicles that hold real estate assets, is subject to the risks generally incident to the ownership of real property. Real estate historically has experienced significant fluctuations and cycles in value, and is subject to local market conditions that may result in reductions in the value of real property interests. The marketability and value of the Fund's real property interests will depend on many factors beyond the control of the General Partner, including:
  - National, regional and local economic conditions (which may be adversely impacted by plant closings, business layoffs, industry slow-downs, weather conditions, natural disasters and other factors);
  - Local real estate conditions (such as competition from other owners or operators of lab facilities, oversupply of, or insufficient demand for, lab facilities);
  - Perceptions by prospective tenants of the convenience, services, safety, and attractiveness of the properties;
  - Increases in costs of maintenance, insurance, compliance with laws and regulations, and other operating expenses (including energy costs, real estate taxes and compliance with the Americans with Disabilities Act);
  - Change in applicable laws or regulations (including tax laws, land-use and zoning restrictions, rent controls or building codes);
  - Potential environmental and other legal liabilities;
  - Changes in interest rate levels;
  - The availability and cost of refinancing that may render the sale or refinancing of a property difficult;
  - The financial condition of tenants, buyers and sellers of properties;
  - The ability to find suitable tenants for the properties and to replace any departing tenants with new tenants;
  - The fact that real estate investments generally cannot be sold quickly; and

- Various uninsured or uninsurable risks and acts of God, natural disasters, terrorism, and uninsurable losses.
- **Acquisition, Repositioning, Redevelopment, and Development Risks.** Investment in real estate entails the risk that the real estate will fail to perform in accordance with expectations, including operating and leasing expectations. Redevelopment and new project development are subject to numerous risks of construction delays, cost overruns, force majeure or insolvency of building contractors and professional teams that may increase project costs, new project commencement risks, such as the receipt of zoning, planning, occupancy and other required governmental approvals and permits, and the incurrence of development costs in connection with projects that are not pursued to completion, the risk of no or low occupancy, and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the financial condition and results of operations of the Fund and on the amount of funds available for distribution to the Limited Partners.
- **Risks Associated with the Life Science Industry.** Properties associated with the life science industry may require infrastructure improvements that are significantly more costly than improvements to other property types. As the Fund's investment strategy relates primarily to properties used by tenants in the life science industry, the operations of the Fund may be adversely affected if the life science industry is impacted by an economic, financial, banking or public health crisis, or if the life science industry migrates from the US to other countries. Because of the Fund's industry focus, events within the life science industry may have a more pronounced effect on the Fund's operations. It is common for businesses in the life science industry to undergo mergers or consolidations. Mergers or consolidations of life science entities in the future could reduce the rentable square feet requirements of tenants and prospective tenants, which may adversely impact future revenue from lease payments. In addition, as tenants may include companies in the startup or growth phases of their life cycles, fluctuations in market confidence vested in these companies or adverse changes in economic conditions may result in the inability to collect rental payments from such tenants. Changes in policy that limit drug prices may reduce the financial incentives for research and development efforts that lead to discovery and production of new therapies and solutions to life-threatening conditions. New policies could adversely affect tenants' businesses, which may reduce the demand for office/laboratory space and negatively impact the Fund's operations.
- **Risks Associated with Operations as a Joint Venture.** Breakthrough Properties is a joint venture between Tishman Speyer and Bellco Capital, and key personnel from Tishman Speyer and Bellco Capital provide time, expertise and services to Breakthrough Properties. Because these persons have competing demands on their time and resources, they may have conflicts of interest in allocating such time between Breakthrough Properties, on the one hand, and Tishman Speyer or Bellco Capital, on the other hand. Additionally, any adverse changes with respect to Tishman Speyer and/or Bellco Capital's

revenues, operations or reputations may indirectly affect Breakthrough Properties' reputation and/or its ability to attract tenants.

- **Dead Deal Costs.** Investing in real estate and real estate-related investments may mean that considerable expense may be incurred without acquiring the target investment. For example, the Fund may incur costs in undertaking due diligence and obtaining various reports in relation to potential investments that do not proceed. In addition, conditions precedent may not be satisfied and transactions may be aborted after material expense has been incurred. All such expenses will be payable by the Fund and may reduce the returns that would otherwise be received by an investor.
- **Debt Financing and Credit Support.** The Fund expects to employ a substantial amount of leverage in connection with its investments. Use of leverage will subject the Fund to risks normally associated with debt financing, including the risk that the Fund's cash flow will be insufficient to meet required payments of principal and interest, the risk that indebtedness on the investments will not be able to be refinanced, or the risk that the terms of such refinancing will not be as favorable as the terms of the existing indebtedness.
- **No Assurance of Achieving Investment Strategy.** No representation is or can be made as to the future performance of the Fund, and there is no assurance that the Fund will realize its investment strategy, including its target returns
- **Illiquidity.** Because of the limited withdrawal rights of Limited Partners, an investment in the Fund is a relatively illiquid investment
- **No Market For Interests. Limits on Transferability.** Each Investor acquiring an interest in the Fund will be required to represent that it is purchasing such Interests for its own account for investment purposes and not with a view to resale or distribution. Limited Partners must be prepared to bear the risks of owning interests in the Fund for an extended period of time.
- **Force Majeure Risks.** The Fund's investments may be subject to catastrophic events and other force majeure events during their development, redevelopment, repositioning and stabilized phases. Those events could include fires, floods, earthquakes, adverse weather conditions, assertion of eminent domain, strikes, wars, riots, terrorist acts, acts of God and similar risks, which could result in the partial or total loss of an investment or significant down time resulting in lost revenues, among other potentially detrimental effects. Force majeure risks are generally uninsurable and, in some cases, agreements can be terminated if the force majeure event is so catastrophic that it cannot be remedied within a reasonable time period. While the Fund will seek to utilize insurance and other risk management techniques (to the extent available on commercially reasonable terms) to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, it may not always be practicable or feasible to do so. Moreover, it may not be possible to insure against all such risks, and insurance proceeds may be inadequate.

- **Epidemics and Other Health Risks.** Public health epidemics or outbreaks could adversely impact the operations and financial condition of the Fund and the demand for office/laboratory space.
- **Valuation Risks.** As the Fund will typically invest in assets that are not readily marketable, the determination of fair market value will be based upon appraisals and estimates that may vary from actual amounts realized upon the dispositions of the assets being valued. Real estate and real estate-related companies and assets are inherently difficult to value. There is no assurance that the estimates resulting from the valuation process will reflect the actual sale price even where such sales occur shortly after the valuation date.
- **Cybersecurity.** Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. As part of its business, the Adviser processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Fund and personally identifiable information of the Limited Partners thereof. Similarly, service providers of Adviser or the Fund, especially an administrator, may process, store and transmit such information. The Adviser's and portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, typhoons, earthquakes, wars, terrorist attacks and other similar events. Measures designed to manage risks relating to these types of events cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for longer periods of time. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Fund and/or portfolio company may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Adviser's, the Fund's and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity and financial condition of the Fund. Cyber threats and/or incidents could cause financial costs from the theft of Fund assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to litigation costs, preventative and protective costs, remediation costs and costs associated with reputational damage, any one of which, could be materially adverse to the Fund. Such a failure could harm Adviser's, the Fund's and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims and otherwise affect its business and financial performance. The service providers of Adviser and the Fund are subject to the same electronic information security threats as Adviser. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks,

information relating to the transactions of the Fund and personally identifiable information of its Limited Partners may be lost or improperly accessed, used or disclosed.

- **Hedging Risks.** In connection with the acquisition, holding, financing, refinancing or disposition of certain portfolio investments, the Fund may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates or currency exchange rates may result in a poorer overall performance for the Fund than if it had not entered into such hedging transactions. The General Partner may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills that are separate from the skills used in selecting and monitoring investments.

## **Item 9: Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither the Adviser nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this Item.

## **Item 10: Other Financial Industry Activities and Affiliations**

### Affiliates of the Adviser

Affiliates of the Adviser act as the General Partner of the Fund, which are sponsored by the Adviser. The Adviser, Breakthrough, and/or its affiliates also act as leasing agent, property manager, construction manager and/or development manager for most of the real estate assets owned by the Fund. Such services are provided on the terms and conditions set forth in the Fund Governing Documents and entail the payment of additional compensation to those affiliates. The Adviser and its affiliates are subject to conflicts of interest when they provide such services to the Fund or the real estate projects in which the Fund invests.

### Belco Capital, Two River, and Vida Ventures

The Adviser and its affiliates work with Belco Capital and its partners, Two River and Vida Ventures, to leverage their founders' first-hand experience as academic physicians, scientists and life science entrepreneurs to build, invest, and support companies developing potentially transformative treatments for unmet medical needs. Two River is a venture capital incubator with a mandate to invest in and build life science businesses. Vida Ventures is a life science venture capital firm that invests in life-changing medicine and visionary entrepreneurs to develop

breakthrough medial solutions. Vida Ventures Advisors, LLC is an exempt reporting adviser with the SEC. By leveraging the tremendous resources provided by these organizations, the Adviser, Breakthrough, and Tishman Speyer will assemble a portfolio of life science properties and curate dynamic ecosystems that foster collaboration among life science industry leaders.

#### Relationship with Tishman Speyer

In March 2019, a wholly-owned subsidiary of the Tishman Speyer entered into an agreement with Bellco Capital to form a joint venture with the Adviser and its affiliated entities. Breakthrough was created to build a global platform that (1) develops, operates, leases, and manages real estate assets for life science and related uses; (2) partners with life science and technology companies and commercial research and academic institutions operating within the life science arena in creating campuses; (3) develops an operating platform that provides work space and social and entrepreneurial infrastructure to life sciences companies; and (4) invests in life science companies, including prospective partners and tenants. Tishman Speyer is a registered investment adviser with the SEC. Potential conflicts between the Adviser and Tishman Speyer are mitigated through such advisers' respective policies and procedures, which take into account the fiduciary duties owed to their respective clients. This includes allocation of investment opportunities, marketing procedures and confidential information policies.

In certain circumstances, in order to create efficiencies and optimize performance for both the Adviser and Tishman Speyer, and their respective funds, the Adviser and Tishman Speyer will share acquisition, operational, legal, financial, back-office, or other services and resources. In connection therewith, the costs and expenses related to such services will be allocated among the relevant entities on a basis that the Adviser determines in good faith is fair and equitable and in accordance with the Fund Governing Documents.

#### Tishman Speyer Captive Insurance Company

A subsidiary of Tishman Speyer (the "captive insurer") may provide nuclear, biological, chemical and radiological (NBCR) terrorism insurance protection to the US assets of the Fund. NBCR terrorism insurance is not available in the insurance marketplace. The US Federal Government Terrorism Risk Insurance Program Reauthorization Act (TRIPRA) enables the captive insurer to provide NBCR terrorism insurance and receives reinsurance through the US federal government. Insurance premiums are computed by benchmarking with environmental insurance costs, and with the New York State Department of Financial Services oversight. Premiums are allocated to the Fund based on the estimated cost to reconstruct each covered US asset held by the Fund. Profits of the captive insurer have historically not been material. Any profits will be returned to the Fund or used to offset future premiums in a manner that the General Partner determines in good faith to be fair and equitable.

#### Tishman Speyer – Studio Relationship

Tishman Speyer owns and operates a co-working business called "Studio" and a tenant amenity service called "Zo", which may operate in properties owned by the Fund. Such arrangements may also remain in place after the Fund sells a property. The foregoing business activities may give



rise to conflicts of interest in connection with the sale of properties owned by the Fund, for example by incentivizing Tishman Speyer to negotiate sale terms that preserve such other business arrangements.

#### Potential Conflicts of Employees

Employees of the Adviser have family members and/or friends that are employed with, or are otherwise affiliated with, entities that provide services or engage in business transactions with the Fund. Examples of such relationships may include entities that are the investors, joint venture partners, operating partners, real estate or securities brokers, lenders, appraisers, and/or tenants in buildings owned by the Fund. Employees are required to report certain relationships to the Compliance Department for a review of any actual or potential conflicts of interest. The Adviser will determine if the specific facts and circumstances of these arrangements require further disclosures to investors, or if additional internal controls are needed to mitigate the specific conflict.

#### Renting Office Space from Affiliated Entities

Breakthrough and/or its affiliates, may in the future, rent office space from properties that are owned by the Fund. This practice creates a potential conflict of interest in that the space in the Fund owned properties could not be leased to others at the time and any discounted rates paid by Breakthrough or its affiliates would indirectly lead to lower income to the Fund owning the property. To mitigate this potential conflict of interest, Breakthrough ensures that it is paying a “market rate” for the space that it and/or its affiliates are leasing from a Fund owned property at the time the lease is executed.

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

The Adviser has adopted a Code of Ethics (the “Code”) that is designed to comply with Rule 204A-1 of the Adviser’s Act. The Code describes the standard of conduct that the Adviser requires of all of its employees and describes certain restrictions on activities such as personal trading, receipt of material, non-public information, and engaging in outside business activities. The Adviser’s employees must obtain prior permission of the Chief Compliance Officer (“CCO”) or designee for certain transactions that appear to pose a conflict of interest or otherwise appear improper.

The Code also requires all of the Adviser’s employees to make initial and annual securities holdings reports to the Adviser that identify all brokerage accounts in which the employee has any direct or indirect beneficial ownership interest (including those of family members living in their household). These reports contain information about the securities held in such brokerage accounts. The Code also requires its employees to provide quarterly transaction reports to the Adviser or to instruct their brokers to provide duplicate statements for all securities transactions to the Adviser. Employees are required to pre-clear investments in certain securities, initial public offerings, and private placements (including, but not limited to, other private equity funds, hedge funds, venture capital funds, etc.). The Adviser maintains a list of restricted securities in which

the Adviser may have material non-public information. All employees of the Adviser are prohibited from trading in issuers on the restricted list unless specifically approved by the CCO or designee.

Compliance with the Code is a condition of employment the Adviser's employees, and a serious violation of the Code or its related policies may result in serious reprimand, up to and including dismissal.

The Adviser will provide a copy of the Code to any client or prospective client upon request by contacting our Chief Compliance Officer, Lesley Chao, at 213-378-1801 or [lchao@btprop.com](mailto:lchao@btprop.com).

#### Gifts and Entertainment

The Adviser has policies in place governing the types and value of gifts and entertainment that its employees may accept from third parties that conduct business with the Adviser including, but not limited to, broker-dealers, vendors, and current or prospective clients or investors. The Adviser's employees are required to pre-clear and/or report their giving and/or receipt of gifts and entertainment to the Compliance Department.

#### Political Contributions

The Adviser's policies prohibit the Adviser from making, soliciting, or coordinating any political or charitable contributions for the purpose of obtaining or retaining potential or existing government clients or investors. Covered persons are permitted to make personal political or charitable contributions in accordance with applicable law and the Adviser's policies. Covered persons are required to obtain preapproval before they make, solicit, or coordinate any contributions to a political candidate, government official, political party or political action committee.

### **Item 12: Brokerage Practices**

#### Best Execution

When selecting a real estate broker for an equity transaction, the Adviser will consider numerous factors and criteria with the overall objective of selecting a real estate broker who will efficiently and effectively market the real estate asset for sale and maximize returns for the Fund. Examples of the criteria used include the following: the fee structure of the engagement; whether the broker was helpful or instrumental during the acquisition or asset management phases of other investments; the broker represented the seller during the purchase of the asset and is already familiar with the property; access to decision makers for a likely capital source; ability to run the bidding process to maximize the return on investment to the Fund; knowledge and experience with the local market, experience with the type of asset; complexity and size of the transaction; past performance in representing the Adviser or others on similar deals; presence of a strong local investment sales team assigned to the engagement; venture partner input or predisposition to use a particular broker; the broker's efficiency and professionalism in the preparation and distribution of marketing materials relevant to the engagement; and the overall allocation of business to a variety of qualified brokers that can meet the Adviser's needs.

The Adviser will also participate in interest rate hedging transactions such as interest rate swap, caps, and other interest rate exchange contracts. The Adviser generally uses a third-party vendor to provide quotes from multiple counterparties. The Adviser will enter into transactions with the broker-dealer, bank, or other counterparty with the intent of seeking “best execution” for the Fund. Brokers, banks, or other counterparties are generally selected on the basis of price and transaction expertise.

The Adviser does not invest the Fund in publicly traded securities. To the extent the Adviser selects a broker or dealer with respect to securities transactions in the future, each executing broker or dealer will be selected on the basis of best execution of transactions. The Adviser will establish applicable policies, procedures, and criteria for review of best execution of publicly traded securities at such applicable time, should the firm engage in securities trading in the future.

#### Soft Dollars

The Adviser receives real estate market data research from real estate brokers. The Adviser also uses the services of those real estate brokers to buy or sell real estate investments. The Adviser does not have any formal soft dollar arrangements to compensate the brokers for the research that is provided. The Adviser may receive real estate-related research and market data from third party service providers.

#### Directed Brokerage

The Adviser does not participate in directed brokerage arrangements.

#### Allocation of Investment Opportunities

Breakthrough has a Board of Directors that is made up of members of Bellco Capital and members of Tishman Speyer. The Board of Directors collectively acts as the Investment Committee for Breakthrough’s Clients. The Board of Directors conducts periodic phone calls to review all prospective investments, existing holdings, potential dispositions, material events regarding existing investments, and to assess real estate market activities.

Breakthrough has a fiduciary duty to act in the best interests of all Clients. Breakthrough must allocate investment opportunities among Clients in a fair and equitable manner. At this time, Breakthrough only provides investment services to one Client. Allocation decisions must be consistent with all disclosures, representations, and contractual obligations Breakthrough has entered into with any Clients.

The General Partner may in its sole discretion allocate co-investment opportunities to one or more Limited Partners and/or third parties. Co-investment opportunities may be made available through limited partnerships or other entities formed to make such investments (a “Co-Investment Fund”). The General Partner will allocate available investment opportunities among the Fund, any Co-Investment Fund and any third parties as it may in its sole discretion determine.

#### Trade Aggregation

The Adviser does not invest in publicly traded securities on behalf of the Fund. In addition, the Adviser currently only has one fund as a Client. As such, the Adviser does not aggregate the purchase or sale of real estate investments for Clients.

#### Principal and Cross Transactions

In the rare event that the Adviser could effect a principal or a cross transaction, the Adviser will seek to ensure that such transactions and any related disclosures are made consistent with applicable laws, advisory agreements, and the Adviser's policies and procedures. In particular, the Adviser will seek to ensure that the transaction is: (i) pursued in the best interests of all clients involved; (ii) in compliance with the governing documents for the Fund (including any investment guidelines or restrictions described in the Fund governing documents); (iii) entered into only after obtaining any required Advisory Board or Limited Partner approvals of the transaction's terms and conditions; and (iv) effected at a price that is comparable to the price that could be obtained through an arm's length transaction with a third party and that is otherwise fair to both parties.

#### Transaction Aggregation

The Adviser does not invest in publicly traded securities on behalf of Clients. As such, the Adviser does not typically aggregate the purchase or sale of real estate investments for Clients since they are distinct investments for each Client.

### **Item 13: Review of Accounts**

The Adviser's investment professionals are responsible for sourcing, acquiring, managing, and disposing of the Fund's real estate investments. The Adviser's Investment Committee (which is comprised of employees from the Adviser and Tishman Speyer) meets on a periodic basis to review and approve potential investment opportunities, as well as disposition strategies for existing investments. The Adviser and Tishman Speyer also have teams of professionals that are responsible for performance monitoring and reporting, risk management, and other business groups that perform services such as legal, compliance, accounting, financing, hedging, and cash distribution.

Breakthrough, Tishman Speyer, and/or their affiliated entities provide property management services and are responsible for overseeing the day-to-day operations and management of investments with respect to which they have been engaged and are in regular contact with the Adviser's investment professionals and members of the Investment Committee regarding the business plans for the investments.

### **Item 14: Client Referrals and Other Compensation**

The General Partner from time to time may engage placement agents to introduce prospective Investors to the Fund. Placement agents are paid fees by Fund to assist in the placement of interests in those Funds. Such fees are in certain cases borne by the Adviser as an offset against management fees.

### **Item 15: Custody**

All cash and securities of our Clients are held in custody by unaffiliated qualified custodians such as broker/dealers or banks. However, the Adviser is deemed to have custody of certain assets of the Fund that we manage because we have the authority to obtain client assets, for example, by deducting investment advisory fees from a client's account or otherwise withdrawing funds from a client's account. The Adviser satisfies our obligations under Rule 206(4)-2 of the Advisers Act by causing an annual audit to be performed in accordance with U.S. generally accepted accounting principles by an independent public accountant that is registered with the Public Company Accounting Oversight Board (PCAOB). The Fund distributes audited financial statements to its investors within 120 days of the end of its fiscal year.

### **Item 16: Investment Discretion**

In accordance with the terms and conditions of the Fund Governing Documents, and subject to the direction and control of the General Partner of the Fund, the Adviser has discretionary authority to determine, without obtaining specific consent from the Fund or its Limited Partners, the securities and the amounts to be bought or sold on behalf of the Fund, and to perform the day-to-day investment operations of the Fund.

### **Item 17: Voting Client Securities**

As the Adviser invests in physical real estate assets, it does not receive proxies in relation to the investments it makes on behalf of the Fund. Nevertheless, the Adviser has adopted a written proxy voting policy, as required under the Advisers Act. If the Adviser were to receive a proxy that it is required to vote on behalf of the Fund, the Adviser will vote considering the overall best interests of the Fund. The Adviser may decline to vote proxies if it determines that the cost of voting the proxy exceeds the expected benefit to the Fund.

Investors may request a copy of the Adviser's proxy voting record on their behalf at any time by contacting the Chief Compliance Officer at the address or telephone number listed on the first page of this Brochure.

### **Item 18: Financial Information**

Since the Adviser (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to the Fund, and (iii) has not been subject to any bankruptcy proceeding during the past 10 years, this item is inapplicable.