

**FIRM BROCHURE**  
**(PART 2A OF FORM ADV)**

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**This Brochure provides information about the qualifications and business practices of Paramount Group Real Estate Advisor LLC (“PGREA I”) and Paramount Group Real Estate Advisor II, LP (“PGREA II,” together with PGREA I, collectively, “PGREA”).**

**If you have any questions about the contents of this Brochure, please contact Gage Johnson at 212-237-3154 or by email at [gjohnson@paramount-group.com](mailto:gjohnson@paramount-group.com).**

**The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority, and references in this Brochure to PGREA as a “registered investment adviser” are not intended to imply a certain level of skill or training.**

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

## **ITEM 2 – MATERIAL CHANGES**

PGREA will amend this Brochure at least annually. Upon making material changes to the Brochure, PGREA will identify and discuss those changes as compared to the previous version of the Brochure. PGREA will provide the date of the last annual update of its Brochure. A summary of the material changes will appear on this page or as a separate document accompanying the Brochure.

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## ITEM 4 – ADVISORY BUSINESS

Item 4.A	<p><u>Description of Advisory Firms</u></p> <p>PGREA I and PGREA II are each New York-based real estate investment management firms with expertise in commercial office space in PGREA’s primary target markets of New York, NY, San Francisco, CA, and Washington, D.C. PGREA II is a relying advisor to PGREA I which shares the same management. PGREA provides discretionary investment advisory services, managing and directing the investment and reinvestment of assets, for certain private real estate investment funds (the “<u>Funds</u>”).</p> <p>PGREA’s headquarters is at 1633 Broadway, Suite 1801, New York, NY 10019.</p> <p><u>Management Team and Principal Owners</u></p> <p>PGREA I is a wholly-owned subsidiary of Paramount Group Management GP, LLC, a Delaware limited liability company. Paramount Group Management GP, LLC is a majority owned, indirect subsidiary of Paramount Group, Inc. (“<u>Parent</u>”). Parent is a publicly held company. Parent has elected real estate investment trust (“<u>REIT</u>”) status under the provisions of the U.S. Internal Revenue Code. As an owner/operator of real estate with an equity market capitalization of approximately \$3.5 billion, Parent principally provides day-to-day property management services on its own account and conducts real estate advisory activities and Fund management through its various subsidiaries, including PGREA I and PGREA II. PGREA II is a wholly-owned direct subsidiary of Paramount Group Operating Partnership LP, a Delaware limited partnership that is majority owned by Parent as well (the “<u>Operating Partnership</u>”). Parent maintains offices in New York, California and Washington, D.C. In the future, Parent or its affiliates (collectively, “<u>Paramount</u>”) may open or maintain one or more offices in Europe as well to conduct limited activities.</p> <p>Parent conducts most of its activities through the Operating Partnership. PGREA I is now a wholly-owned indirect subsidiary of the Operating Partnership. In December 2014, when the Operating Partnership formed PGREA II, certain of the Funds formerly managed by PGREA I became advisory clients of PGREA II instead. PGREA I and PGREA II are under common control and share management personnel.</p> <p>In any event, the management of the Funds has been performed by Paramount’s New York-based management team since 2003.</p> <p>Since 1995, Paramount has focused primarily on its ongoing strategy of acquiring Class A office properties in its primary target markets. In 2003, Paramount formed the first investment fund in what eventually became a series of Funds. These Funds mainly targeted value-add or core equity investments but eventually included a special situations Fund targeted at minority debt positions in the office sector and successor funds designed to invest primarily in debt or preferred equity. In 2013, Paramount also formed its first residential development fund to develop a condominium project in San Francisco. Other funds may be offered in the future. In connection with the formation of PGREA in early 2012, Paramount’s Funds advisory business, as conducted through various Parent-managed, single purpose general partner entities, was consolidated with PGREA, while Parent continued its prior role managing other real-estate assets and</p>
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	<p>providing property management and other services at the property level as described below.</p> <p>Albert Behler, Chairman, CEO and President of Parent, has led Paramount since 1991. Since joining Paramount, Mr. Behler has overseen all of the acquisitions and dispositions that have produced the current portfolio of Fund assets. Mr. Behler is assisted by an Executive Committee (the “<u>Executive Committee</u>”) comprised of senior management of Paramount.</p> <p>Additional information relating to PGREA’s ownership can be found on Schedules A and B of PGREA’s Form ADV Part 1.</p>
<b>Item 4.B</b>	<p>PGREA provides discretionary investment advisory services, managing and directing the investment and reinvestment of assets, for the Funds, which principally invest in equity and debt interests in real estate-related assets and real estate operating companies.</p> <p>PGREA does not hold itself out as specializing in any other advisory services, such as <u>financial planning</u>, <u>quantitative analysis</u> or <u>market timing services</u>.</p>
<b>Item 4.C</b>	<p>PGREA presently provides investment advice only to the Funds and, as such, does not tailor its advisory services to the individual needs of individual Fund investors, nor does it accept underlying Fund investor-imposed investment restrictions unless documented in a side letter agreement that is approved by the Chief Compliance Officer (“<u>CCO</u>”) and which would, by its nature, become generally applicable to a given Fund. With respect to each Fund, the private placement memorandum (“<u>PPM</u>”) and other constituent documents of the Funds lay out the investment strategy and guidelines, including any restrictions and the ability to vary therefrom, and PGREA then seeks to locate assets for each Fund client that are within such guidelines and consistent with the overall portfolio needs of the Fund.</p> <p>Co-investment opportunities may be made available to Fund investors. The basis will be solely at the discretion of each respective Fund’s general partner, although for some of the Funds, investment size has been an important criterion. If such investors do not wish to take advantage of the offered opportunity, the general partner may approach other investors not meeting the investment threshold or other appropriate third parties, or if the general partner determines for strategic reasons to approach third parties first, it is generally authorized by the Fund documentation to do so. Co-investment opportunities are made available only if the general partner determines that it is in the best interest of the Fund; provided, however, that for certain Funds, Parent has an option (but not obligation) to invest in a certain percentage of any investment opportunity allocated to a Fund. The terms of a given co-investment are generally determined at the time of investment as agreed between the applicable general partner and the co-investor(s).</p> <p>PGREA (or Fund general partners who have retained PGREA to provide investment advisory services) has entered into side letter agreements with certain large and/or strategic Fund investors and may continue to do so. Such arrangements may have the effect of establishing additional rights or altering or supplementing the terms of the governing documents of the applicable Fund with respect to one or more such investors in a manner more favorable to such investors than those applicable to other investors. These additional rights may include but are not limited to: reporting rights, additional advisory committee participation rights by such investors, changes to the scope of what the advisory committee is asked to consider, liquidation rights, Fund interest transferability</p>

	rights, opt-outs, different fee structures or expense caps and/or other rights permitted in Paramount’s discretion. Fund investors should not assume that they will be granted equal treatment in all instances or be third party beneficiaries of such letters or even receive notice of all such side letters or their terms.
<b>Item 4.D</b>	PGREA does not participate in wrap fee programs.
<b>Item 4.E</b>	<p>As of December 31, 2019, PGREA had approximately \$1.107 billion of client assets under management (“<u>AUM</u>”) on a discretionary basis and approximately no client AUM on a non-discretionary basis.</p> <p>It should be noted that for the purposes of calculating this amount and consistent with SEC guidance, PGREA included all unfunded capital commitments to the Funds managed by PGREA. Furthermore, the investment guidelines for certain Funds may require the general partner to get approval of the applicable Fund’s Advisory Committee (as defined in Item 13.A) in certain circumstances before consummating an investment. Since such approval is required only in limited circumstances, the assets of these Funds have been included within discretionary assets.</p>

## ITEM 5 – FEES AND COMPENSATION

**Disclaimer applicable to all sub-items hereto: Investors in the Funds should refer to the appropriate governing documents for a complete and detailed understanding of how PGREA is compensated for its advisory services. In this regard, because PGREA may have been put in place after a given Fund’s governing documents were executed, investors should assume that the general partner of each Fund has subsequently engaged PGREA to provide asset management services and that any or all asset management fees payable to such general partner (other than the carried interest) will therefore be paid to PGREA. The information contained herein is a summary and is qualified in its entirety by the relevant Fund’s governing documents.**

<p><b>Item 5.A</b></p>	<p>PGREA and its affiliates charge carried interest, management fees and other fees to the Funds. The specific payment terms and other conditions of the management fee and carried interest compensation are set forth in the relevant PPM and other constituent documents of the Funds. All performance-based compensation payable to PGREA and/or its affiliates will be consistent with the requirements of Section 205 of the Investment Advisers Act of 1940 (“<u>Advisers Act</u>”) and Rule 205-3 thereunder.</p> <p>Each investor in the Funds must meet certain eligibility provisions whereby interests/shares are generally only offered to (i) investors who are (A) accredited investors within the meaning of Regulation D of the Securities Act of 1933, as amended (“<u>Accredited Investors</u>”) and (B) qualified purchasers within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended (“<u>Qualified Purchasers</u>”); and (ii) in the case of Funds organized outside the United States, non-U.S. Investors. Admission to the Funds managed by PGREA is <u>not</u> open to the general public. Investors and prospective investors in the Funds should refer to the PPM for the Funds for a detailed description of the fee schedules.</p> <p>As detailed above in Item 4.C and below in Item 5.B, a Fund general partner and/or PGREA, in its or their sole discretion, may effectively waive or reduce fees to be paid by any investors in the Funds via reimbursement arrangements or otherwise.</p>
<p><b>Item 5.B</b></p>	<p>The specific payment terms and other conditions of the fees payable to PGREA and its affiliates by the Funds are set forth in the relevant PPM and other constituent documents of the Funds.</p> <p><i>Asset Management Fees:</i> Asset Management fees are generally payable on a quarterly basis. Fund governing documents generally do not require PGREA to generate an invoice; instead, the governing documents generally require the general partner of a Fund to calculate the fees payable by the Fund and disburse the funds from the Fund's account to PGREA or the Fund’s general partner.</p> <p><i>Servicing Fees:</i> Servicing Fees are generally payable on a quarterly basis. In connection with certain transactions, the servicing fee will be amortized from the origination of the investment through a date determined by each Fund’s general partner as set forth in the constituent documents of the Funds and, under certain circumstances, may be accelerated. Fund governing documents generally do not require PGREA to generate an invoice; instead, the governing documents generally require the general partner of a Fund to calculate the fees payable by the Fund and disburse the funds from the Fund's account to PGREA or the Fund’s general partner.</p>

	<p><i>Transaction Fees:</i> Transaction Fees are payable within a certain period of time following the closing of a transaction. In connection with underwriting a given transaction, each Fund's general partner will estimate transaction fees (specifically acquisition, origination, disposition, and structuring and/or financing fees) payable by the Fund to the general partner and will deduct these service fees at the pre-agreed (or in some cases, customary) rate from the proceeds of capital calls, financings or asset sales when received in connection with the transaction.</p> <p><i>Other Fees:</i> The Funds bear other fees payable to Paramount for non-advisory services, including property management fees, loan commitment fees, design and construction fees, development fees and leasing commissions. These services are provided by affiliates of PGREA in their capacity as property manager or other service provider of the applicable Fund's underlying entities or assets.</p> <p>PGREA, in its sole discretion, may waive, defer or reduce fees to be paid by any of the Funds or, indirectly, investors therein. In addition, during any period where a Fund may not have sufficient cash to pay asset management fees, its general partner may agree to defer them, or to make the payment of such fees contingent on certain events.</p>
<p><b>Item 5.C</b></p>	<p><i>Transaction-Specific and Certain Ongoing Fees:</i> As cited in Items 5.A and 5.B, Paramount and its affiliates perform services for the Funds and receive compensation and fees including without limitation, property management fees, acquisition fees, disposition fees, financing and/or structuring fees, design and construction fees, development fees, and, in certain instances, leasing commissions. The fees will be used to pay overhead and expenses of each Fund's general partner and its affiliates and will compensate such general partner for administration of the Fund and, in the case of Parent, for property management and other services.</p> <p>Such fees and compensation will not be shared with the Funds or their investors.</p> <p>The Funds will pay directly or reimburse the respective general partner and/or PGREA for the expenses, obligations or other liabilities incurred or paid by such general partner and/or PGREA and its affiliates in performing the obligations of such general partner to the Fund or otherwise providing services to or for the benefit of the Funds, excluding salaries and other non-performance based compensation in respect of the general partner and its affiliates unless the governing documents provide otherwise.</p> <p><i>Fund Organizational Expenses:</i> All Funds will bear all organizational expenses (including legal and accounting costs) in an amount that may be capped pursuant to the respective Funds' governing documents. If so, any excess will be borne by the respective Fund's general partner.</p> <p><i>Brokerage Expenses:</i> To the extent a Fund is permitted to purchase privately placed or publicly traded securities that require the services of a broker-dealer, these transactions will be effected using the services of a nationally recognized broker and the costs thereof charged directly to (or reimbursed by) the Funds.</p> <p><i>Other Fees and Expenses:</i> In addition to the foregoing, the Funds will pay directly or reimburse the respective general partner and/or PGREA for (i) fees paid to professional advisors (including consultants and administrators) regarding tax, accounting, legal or other matters related to the Funds (including any Funds'</p>



	<p>relationship with its limited partners, including any feeder vehicles) or its investments, (ii) fees paid to directors, registered office fees, bank service fees, investment related fees third party finder's fees, broker's fees or other similar fees, (iii) all costs and expenses in connection with a credit facility or other borrowing and other indebtedness (including the payments of any principal, interest, fees or expenses), (iv) fees and expenses relating to tax or accounting consultants, legal or financial advisors and other consultants or advisors (e.g., fees and expenses of third parties that provide specialized reporting, data and/or analysis, whether on a one-off or on-going basis, as to specific potential investments and/or target markets, or subscriptions to certain specialized publications) related to the analysis, purchase or sale of investments, whether or not the investment is consummated, (v) due diligence (including, but not limited to, the engagement of specialized service providers relating to an investment, group of investments or strategy, tax or accounting consultants, legal or financial advisors and other consultants or advisors) and travel expenses related to the analysis, purchase or sale of investments and expenses associated with the formation and operation of vehicles established to make such investments, whether or not the investment is consummated, (vi) expenses, including, but not limited to, fees for legal or regulatory advice or submission costs, relating to filings with the SEC or other regulatory or governmental bodies, including local jurisdictions, including filings relating to the legal or regulatory compliance of Paramount, as opposed to that of the Fund, where such filings are required to be made in connection with Paramount's management or operation of the Fund, (vii) professional liability and fidelity insurance (e.g., D&amp;O and E&amp;O policies), fund filing and registration fees and service provider expenses, applicable taxes, or other operational fees or expenses, (viii) costs related to internal fund accounting, risk management and trading systems (e.g., software supporting order management, general ledger or allocation processes), (ix) expenses relating to the valuation or appraisal of investments, (x) expenses relating to communications with prospective investors and existing investors (including investors in any feeder vehicles) (including, but not limited to, generating, printing and delivering Fund information or making such information available through an investor communication portal), (xi) expenses relating to holding meetings with prospective investors or existing investors (including investors in any feeder vehicles) (including, but not limited to, all expenses related to holding an annual meeting (if any)), as determined by Paramount or the General Partner, (xii) any withholding or other taxes, together with any interest and penalties thereon (other than certain taxes that are withheld and treated as distributed), to the extent such amounts are paid by the Fund, or the General Partner on behalf of the Fund or any other partner, and are not reimbursed by or collected from any Partner, (xiii) hedging costs, (xiv) other expenses related to the investment, financing, monitoring, enhancement, disposition or reporting of Fund assets, and (xv) internal legal, accounting, insurance and other professional compensation costs, fees and expenses of the General Partner, Paramount and any of their affiliates associated with the operation of, and allocated to, the Partnership and its investment activities that would normally be provided by third party professionals, so long as such compensation costs, fees and expenses are no greater than would be obtained in an arm's length transaction for similar services as determined by the General Partner in good faith.</p>
<b>Item 5.D</b>	<p>PGREA's asset management fees are charged in arrears. Upon any termination of a service contract occurring at other than a quarter end, unless the governing documents provide otherwise, periodic fees will be prorated based on the time such services were provided and charged to the Fund.</p>
<b>Item 5.E</b>	<p>Not applicable to PGREA.</p>
<b>Item 5.E.1</b>	<p>Not applicable to PGREA.</p>

<b>Item 5.E.2</b>	Not applicable to PGREA.
<b>Item 5.E.3</b>	Not applicable to PGREA.
<b>Item 5.E.4</b>	Not applicable to PGREA.

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

Each Fund's general partner is entitled to receive a distribution of carried interest (a share of Fund profits over and above the share attributable to its invested capital), generally at the time of the disposition of a Fund investment, based on the net profits allocable to each Fund investor in connection with such a transaction. Carried interest distributions are generally paid after one or more predetermined performance levels have been achieved and may be subject to recalculation based on future performance. Investors and prospective investors in the Funds should refer to the PPM for the Funds for a detailed description of the fee schedules for each.

The general partner of each Fund may, in its sole discretion, waive or reduce the carried interest payable to it with respect to any Fund investor, including investors that are principals, employees or affiliates of Paramount or relatives of such persons and for certain large or strategic investors.

The possibility that affiliates of PGREA may receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for PGREA to make investments on behalf of the Funds that are riskier or more speculative than in the absence of such a performance-based compensation. Fund investors are provided with clear disclosure as to how performance-based compensation is determined with respect to a particular Fund and the risks associated with such performance-based compensation prior to making an investment.

PGREA and its affiliates also face a conflict in the sourcing and allocation of investment opportunities because PGREA may have an incentive to give an opportunity to a Fund client paying the highest asset management fee or carried interest. To mitigate this conflict, PGREA adheres to an allocation process whereby it considers on a basis it determines in good faith to be fair and reasonable which opportunities are most appropriate for each of the various Funds that might have investment capital to spend, considering a variety of factors set forth in the PPM for each Fund (e.g., the sourcing of the transaction, the history of the transaction, geographic and tenant diversification, capital availability, target returns, contractual and legal restrictions, etc.). The level of fees and carried interest potentially to be received by PGREA or its affiliates is not to be taken into account when making allocation decisions. In addition, all of the Funds that are actively investing charge asset management fees and grant a carried interest to the general partner, so the conflict presented is reduced to the quantitative differential in such fees and carried interests for various clients rather than the fact that some pay such fees and others do not.

## ITEM 7 – TYPES OF CLIENTS

As noted previously, PGREA provides discretionary investment advisory services, managing and directing the investment and reinvestment of assets, for the Funds. The Funds are typically limited partnerships with a Paramount special purpose affiliate serving as the general partner. These partnerships are most often organized in Delaware, although some feeder and parallel co-investment vehicles are organized in other jurisdictions such as Germany, Luxembourg, or the Cayman Islands. In addition, an alternative option offered to investors for some products is to invest via a feeder vehicle that is typically a Maryland corporation intended to elect REIT status under the U.S. Internal Revenue Code.

Fund investors may include, but are not limited to, pension plans, insurance companies, banks, charities, foreign institutions, corporate and business entities, endowments and foundations, trusts, and high net worth individuals.

Admission to the Funds managed by PGREA is not open to the general public. Each investor in the Funds must meet certain eligibility provisions whereby interests/shares are generally only offered to (i) investors who are (A) Accredited Investors and (B) Qualified Purchasers; and (ii) for Funds organized outside the United States, non-U.S. investors. In addition, certain knowledgeable employees may hold indirect interests in the Funds or individual assets of the Funds via management units in the Fund's general partners or through investments in entities designed for the sole purpose of investing as a limited partner in one or more of the Funds or in an individual asset.

The Funds may have minimum capital commitments for investors, typically \$10 million, as specified in the PPM for each respective Fund. However, the general partner of each Fund has discretion to negotiate the terms of or waive this provision.

Each investor in a Fund must sign a comprehensive Subscription Agreement indicating that it meets the legal and regulatory requirements imposed by Paramount, and confirming that it has reviewed the Fund's PPM and understands the nature of the investment and corresponding risks and conflicts of interest. Each investor must also provide certain financial and tax information as part of its subscription, as well as evidence of identity, including information about their organization and ownership structure for entities, and source of funds, as required by any applicable know-your-customer and anti-money laundering requirements. Many of these duties are continuing, and investors may be required to update such information periodically.

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

<b>Item 8.A</b>	<p><b><u>Investment Strategies</u></b></p> <p>PGREA provides advice to the Funds to invest in real estate and real estate related debt and equity investments. The Funds generally invest through subsidiary limited partnerships, private REITs, including taxable REIT subsidiaries, limited liability companies and similar entities structured by Paramount for the purpose of holding and financing underlying real estate assets (i.e., physical property). The Funds may participate in joint ventures with affiliated or unaffiliated third parties in certain real estate transactions.</p> <p>As more specifically described in each Fund’s respective PPM, PGREA generally seeks to optimize risk-adjusted returns by investing primarily in commercial real estate-related assets over a targeted holding period, typically 10 years. Such investments are subject to extension as permitted in the applicable Fund governing documents, and actual holding periods may vary based on contractual requirements as well as due to market conditions and other factors deemed relevant by PGREA.</p> <p>All but one of PGREA’s Fund clients (a residential development fund formed in 2013) have invested directly or indirectly exclusively in office and/or retail properties in the central business districts of New York City and various other U.S. coastal markets; however, certain Funds are permitted to invest in other asset classes, including freestanding retail, hotel, residential, and industrial projects, and in other geographic areas. Currently, all of the Funds’ investments are located in one of PGREA’s primary target markets of New York, NY, San Francisco, CA, and Washington, D.C., with its future focus including investments in secondary target markets (currently Los Angeles and Boston). In some instances, a Fund must invest within certain geographic or asset class parameters unless the Fund’s Advisory Committee (as more fully described in Item 13.A.) grants a variance.</p> <p>PGREA’s focus is on real estate equity investments, real estate debt and preferred equity investments. Each Fund’s general partner will have discretion to make investments in other asset classes and/or outside the target markets under circumstances set forth in the respective Fund’s governing documents.</p> <p><b><u>Due Diligence and Analysis</u></b></p> <p>The screening process for potential investments involves several steps, which may vary depending on the type of asset. Generally, a written summary is prepared describing the due diligence conducted on the proposed transaction, and this summary is provided to PGREA’s Executive Committee.</p> <p>All of PGREA’s investment professionals share in the responsibilities of the various stages of the due diligence process. Generally, PGREA will utilize many factors in the origination, evaluation, approval, execution, management and realization of Fund investments. The evaluation of potential investments is initiated by the acquisitions department, which considers available assets and overall economic and real estate-specific market conditions and, typically, expertise of the in-house property management, leasing, finance, accounting, legal, tax and design teams will be included, as necessary, in all steps of underwriting.</p>
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	<ul style="list-style-type: none"> <li>• Paramount's acquisition and leasing departments work with market experts to evaluate strengths and weaknesses of an asset and its perception in the marketplace.</li> <li>• Achievable rents are analyzed and opportunities to enhance operating income through repositioning of the asset are explored. (For condominiums, the analysis will focus on achievable sales prices.)</li> <li>• Paramount's finance department and, as needed, its capital markets team, is consulted to determine the likely sources and pricing/availability for mortgage and other financing/capital, and to determine optimal debt and capital structure.</li> <li>• An optimal hold period is calculated using revenue and expense projections as well as estimated capitalization rates at the time of various possible exits.</li> <li>• The potential for attracting, and the appropriateness of having, one or more joint venture partners, either at the time of acquisition or later, is typically considered as well.</li> <li>• Each opportunity's underlying assumptions and investment rationale is stress tested and challenged in preliminary meetings and progress is monitored by the Executive Committee.</li> <li>• All transactions, in order to be consummated, will require the review and approval of the Executive Committee of the overall investment proposition, recognizing that final aspects of the transaction will need to be negotiated by the acquisitions team or finance departments, and potential variances agreed, under the guidance of Paramount's CEO, who acts as president of PGREA.</li> </ul> <p><b><u>Supervision</u></b></p> <p>The Executive Committee oversees standing investments and therefore receives regular updates from Paramount's property management, leasing, and design and construction departments on the implementation of PGREA's long-term forecasts. This is done both informally and formally through a monthly operating meeting with the Executive Committee and the relevant Paramount property managers. This meeting includes reviews of the current leasing situation of each asset, future leasing strategy, on-going or potential capital expenditure projects and property revenues and expenses. The process is monitored and reviewed until the time the asset is divested. The timing of each disposition is recommended by the acquisitions department.</p> <p><b><u>Risk of Loss</u></b></p> <p>See Item 8.B.</p> <p>The factors considered in analyzing each investment opportunity are complex and economic assumptions are necessarily forward looking and therefore inherently uncertain. For a variety of reasons, these analyses, or the execution of the investment strategies assumed therein, may turn out to be faulty. Accordingly, investing in real property related assets, including limited partnership interests and other securities, involves significant risk of loss that clients should be prepared to bear. No amount of investment analysis or procedures followed by an advisor, even one who has been successful in doing so in the past, can reduce that risk to zero. Accordingly, clients should be prepared for losses incurred, be they partial or total. This important caveat</p>
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	of risk of loss applies both to PGREA's Fund clients as well as to their underlying investors.
<b>Item 8.B</b>	<p><i>For a more detailed disclosure of the potential risk factors associated with investing in a Fund, prospective investors should refer to such Fund's governing documents, particularly its PPM.</i></p> <p><b><u>General Risks</u></b></p> <p>Investing in a Fund entails a significant degree of risk and should be undertaken only by investors capable of evaluating and bearing the risks of ownership. There can be no assurance that a Fund will achieve its investment objectives, and an investor must be prepared to bear capital losses, including the possibility of complete loss of capital invested.</p> <p><b><u>Investment Risks</u></b></p> <p>Fund investments may entail the following specific risks, which is not intended to be comprehensive:</p> <p><i>Risk of Loss:</i> All investing and trading activities risk the loss of capital. While PGREA will attempt to moderate these risks, there can be no assurance that the Funds' investment activities will be successful or that investors in the Funds will not suffer significant losses. No guarantee or representation is made that the Funds' investment objectives will be achieved.</p> <p><i>No Assurance of Investment Return:</i> Each Fund's task of identifying and evaluating investment opportunities, managing such investments and realizing a positive return for investors is difficult. There is no assurance that any Fund will be able to invest its capital on attractive terms or continue to generate positive returns or avoid losses over the long term. In addition, the availability of investment opportunities generally will be subject to market conditions. Therefore, identification of attractive investment opportunities is difficult and involves a high degree of uncertainty.</p> <p><i>The Funds May Not Achieve Results Similar to Past Performance:</i> There can be no assurance that a Fund's returns will ultimately equal or exceed the level of returns such Fund has achieved in the past, or achieve the individual or collective performance of previous Funds offered by Paramount or that was experienced by the investors in other businesses or transactions managed or initiated by PGREA or other Paramount affiliates.</p> <p><i>Risk of Limited Number of Investments:</i> Funds may participate in a limited number of investments, and in any event, target investments in a limited number of geographic markets, and, as a consequence, the aggregate return of a Fund may be substantially adversely affected by the unfavorable performance of a single or a few portfolio investments. Investors have no assurance as to the degree of diversification of a Fund's investments, either by geographic region or asset type.</p> <p><i>Illiquid and Long-Term Investments:</i> Although investments by a Fund may generate some current income, the return of capital and the realization of gains to investors, if any, from an investment will generally occur only upon the partial or complete disposition, satisfaction or refinancing of such investment. While an investment may be sold at any time, it is generally expected that this will not occur for several years after the investment is made. Dispositions of investments may also be subject to contractual limitations on transfer, the desire to minimize or delay transfer or similar</p>

	<p>taxes, dealer taxes, or other restrictions that would interfere with the subsequent disposition of such investments or adversely affect the terms that could be obtained upon any disposition thereof. As a result, there is a significant risk that a Fund may be unable to realize its investment objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy in the manner contemplated at the time of acquisition.</p> <p><i>Leverage:</i> PGREA expects to employ debt leverage in connection with Fund investments. Although PGREA will seek to use leverage in a manner it believes is prudent (with associated debt obligations that may, for example, be long or short-term, floating or fixed), leverage will increase the exposure of an investment to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the investment.</p> <p>In addition, recourse debt, which PGREA reserves the right to obtain, and cross-collateralized loans, may subject other assets of a Fund and their investors' capital commitments to the risk of loss.</p> <p>If property values decline, the risk increases that borrowers could fail loan-to-value (LTV) ratios (even if cash flow is good and a borrower is otherwise able to service debt), or other financial covenants common to real estate loans, such as debt service coverage ratios (DSCR), if revenues decrease. These can trigger defaults, acceleration of maturity, or the inability to refinance on acceptable terms.</p> <p>In addition, most variable debt employed by the Funds has been coupled with associated swap obligations the combination of which is designed to mirror, at least in part, fixed debt and mitigate interest rate risk. However the accounting treatment of such swaps can be complex, often requiring mark to market treatment notwithstanding any lack of intent to unwind such swaps before maturity. The resulting gains or losses can skew financial results on a short term basis and complicate negotiations with lenders in circumstances where these associated swaps may not be held to maturity as originally contemplated.</p> <p>Moreover, even fixed rate debt can have yield maintenance and similar features that can increase costs or reduce flexibility to sell assets or re-finance.</p> <p><i>The Management Fee Will Be Paid Regardless of Fund Performance:</i> Regardless of whether the Funds experience net losses in a particular year or over the terms of the Funds, investors will be required to make payments to the Funds to cover each Fund's general partner's management fee, to the extent capital has been invested, and the reimbursement of certain expenses.</p> <p><i>Investors May Not Receive Distributions:</i> There can be no assurance that the Funds' operations will be profitable, that the Funds will be able to avoid losses or that cash from investments will be sufficient to enable the Funds to make distributions to investors. The Funds will have no source of funds from which to pay distributions to the investors other than income and gains received from investments and the return of capital.</p> <p><i>Lack of Investor Management Rights:</i> Investors have no right or power to take part in the management of a Fund and will only have limited rights to remove a Fund's general partner. Accordingly, an investor should not purchase Fund interests unless such investor is willing to entrust essentially all aspects of the management of the Fund to PGREA and the Fund's general partner. While PGREA and each of the</p>
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	<p>Funds' general partners will act in a manner they deem fair and reasonable, only a very limited category of the transactions to be engaged in by a Fund will be subject to the advice or approval of the Funds' Advisory Committees (as more fully described in Item 13.A.), and there can be no assurance of the number of investors that will qualify or be willing to serve on such committees.</p> <p><i>Risk of Default by Other Investment Partners:</i> The failure of one partner in a partnership or similar investment entity to fund its capital obligations to the partnership can adversely affect other partners by putting the investment vehicle's ability to execute its strategy or continue operations at risk, or subjecting it to claims by business counterparties for failed transactions. This risk applies to the Funds' investments in property-level partnerships as well as to investments in the Funds.</p> <p><b><u>Business Risks in Investing in the Funds</u></b></p> <p><i>Real Estate Risks Generally:</i> Fund investments will be subject to the risks inherent in the ownership of real estate assets, including, without limitation, debt and/or equity investments. These risks include, but are not limited to:</p> <ul style="list-style-type: none"> <li>• General and local economic conditions and negative developments in the business economy, local real estate conditions, risks due to dependence on cash flow, the supply and demand for properties, risks and operating problems arising out of the presence of certain construction materials, the financial resources of tenants, buyers and sellers of real estate assets, changes in availability of debt financing, energy and supply shortages;</li> <li>• Changes in building, environmental, zoning and other laws, including changes in real property and other tax rates;</li> <li>• Changes in interest rates and the availability of mortgage funds which may render the purchase, sale or refinancing of properties difficult or impracticable;</li> <li>• Negative developments in the business economy that depress travel activity including, epidemics, pandemics or any other serious public health concerns;</li> <li>• Environmental liabilities, environmental cleanup costs and other liabilities from hazardous waste, mold or indoor air pollution;</li> <li>• Uninsured casualties, acts of God (such as earthquake, tsunami, hurricane, wind, flood), war, terrorism, nuclear accident, labor dispute, riot, epidemics, pandemics, and other factors which are beyond the control of Paramount and may not be insurable at reasonable cost to the full extent needed to protect the real estate or its revenue generating capacity;</li> <li>• Prolonged changes in climatic conditions, which could necessitate unforeseen changes in law affecting the use and operation of real estate assets, and create environmental conditions that could affect sea, precipitation and wind levels, and lead to droughts and/or intense and more frequent storms and other severe weather events; and</li> <li>• Development, redevelopment, and construction delays and cost overruns.</li> </ul> <p><i>Competitive Market for Investment Opportunities:</i> The activity of identifying, completing and realizing attractive real estate investments has from time to time been highly competitive, and involves a high degree of uncertainty. Funds will be competing for investments with many other real estate investment vehicles, as well as individuals, financial institutions (such as mortgage banks, pension funds and real estate investment trusts) and other institutional investors. Competition for investments may have the effect of reducing the number of suitable investment</p>
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	<p>opportunities and increasing the costs associated with the Funds' investments, thereby reducing the Funds' investment returns. There is a risk that due to competition, a Fund may not be able to find suitable investments to invest all of its capital, or suitable investments may be available only at higher prices or under other terms which are less attractive than anticipated, and/or the speed of consummation needed to remain competitive may lead to execution errors or entail accepting additional risks vis-à-vis sellers and other counterparties.</p> <p><i>Lack of Diversification:</i> Funds can have no assurance as to the degree of diversification in their investments, either by geographic region or asset type. Historically, Paramount's Funds have been characterized by investments in a relatively small number of large assets in a limited number of investment markets and asset type is always highly focused. A Fund's portfolio may be subject to greater risks and a more rapid change in value than would be the case if the Fund were required to maintain a wide diversification among industries, investment areas, types of securities and issuers.</p> <p><i>The Loss of Key Personnel May Adversely Affect the Funds:</i> The success of the Funds is substantially dependent on certain Paramount employees. Should one or more of these individuals become incapacitated or in some other way cease to participate in the Funds, performance could be adversely affected.</p> <p><i>Investments with Third Parties in Partnerships and Other Entities:</i> Funds may co-invest with third parties through partnerships, joint ventures or other entities, thereby placing limitations on the Fund's control of investment decisions in certain investments. Although the Funds may not have control over these investments and therefore, may have a limited ability to protect their positions, each Fund's general partner will attempt to negotiate rights appropriate to protect the Funds' interests. Nevertheless, there can be no assurance such rights will be obtained in all instances and such investments may involve risks not present in investments where a third party is not involved, including the possibility that a Fund will not be able to implement investment decisions or exit strategies because of limitations on the Fund's control of the property under applicable agreements with a partner or co-venturer, or that a third party partner or co-venturer may become bankrupt or have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of a Fund, may fail to fund their share of required capital contributions or otherwise default on their obligations, may make dubious business decisions or may block or delay necessary decisions, or may be in a position to take action contrary to a Fund's investment objectives including, but not limited to, forcing the sale of a property prior to the Fund's optimal holding period. Such investments may also have the potential risk of an impasse on decisions if neither partner nor co-venturer has full control over the partnership or joint venture. In addition, disputes between a Fund and a co-venturer may result in litigation or arbitration that would increase such Fund's expenses and prevent the general partner and its representatives from focusing their time and effort on such Fund's business and investments. A Fund may also, in certain circumstances, either be liable to third parties or governmental agencies for the actions of its third party partners or co-venturers, or conversely may face liabilities to such co-owners for the Fund's business actions in pursuing its own interests in good faith. Such liability can arise from contract, tort, employment law, breach of fiduciary duty and other legal theories, and damages can include consequential or other damages that exceed the amount invested in the joint venture.</p>
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*Indemnification Obligations.* The Funds will be required to indemnify their general partners and affiliates, including PGREA, any members of the management team and each of their respective officers and employees, as well as members of the investor Advisory Committees (see Item 13.A), for liabilities incurred in connection with the affairs of the Funds.

*Limited Transferability:* There is no public market for Fund interests and one is not expected to develop. Investors may not typically sell, assign or transfer their Fund interests without the prior written consent of PGREA or the respective Fund's general partner. Certain exceptions may apply for feeder REIT investors and for certain German institutional investors who are typically then subject to a right of first refusal by the Fund's general partner.

*Conflicts of Interest.* PGREA and Paramount face significant conflicts of interest in connection with the management of the Funds and their investments. For a more detailed disclosure of the potential conflicts of interest associated with investing in a Fund, prospective investors should refer to its PPM. See also Item 10.C.

### **Economic Risks in Investing in the Funds**

*General Economic and Market Conditions:* The success of a Fund's activities will be affected by general economic risks such as interest rates, availability of credit, inflation rates, economic uncertainty, and changes in laws. These factors may affect the level and volatility of asset prices and the liquidity of a Fund's assets. Volatility or illiquidity could impair a Fund's profitability or result in losses.

*Increase in Interest Rates; Use of Hedging:* Although the Funds intend generally to place permanent debt financing on their real estate assets on a fixed-rate basis (or equivalent), a Fund may seek variable rate financing on its properties when it is deemed appropriate. Any increase in interest rates would increase a Fund's interest costs on variable rate debt, although the Funds may attempt to mitigate this through the use of interest rate hedges, often on a laddered maturity basis, and could impact its ability to refinance debt when it matures. In addition, higher interest rates during the course of the investment period could adversely affect investment returns for investors in a Fund. Significant changes in market interest rates, or even the perception that a change may occur, could adversely affect a Fund's investments. The use of financial instruments to hedge such risks can be helpful, but it can also exacerbate them or result in unintended consequences as discussed above under "Leverage" or may entail certain other risks including, but not limited to, additional costs such as transaction fees or breakage costs. Thus, while a Fund may benefit from the use of hedging mechanisms, unanticipated changes in, for example, interest rates, security prices or currency exchange rates may result in poorer overall performance for such Fund than if it had not entered into such hedging transactions.

*Various Tax Risks.* Many of the Funds are organized as partnerships. Partnerships have complex tax provisions relating to the treatment of income, gain, losses and other allocations and the need to avoid publicly-traded partnership status, and the positions taken by the Fund's general partner could be subject to challenge by the Internal Revenue Service. To the extent a Fund has tax-exempt investors or foreign investors, additional special tax considerations apply such as the need or desire to minimize unrelated business taxable income ("UBTI"), to make withholding for taxes due under the Foreign Investments in Real Property Tax Act ("FIRPTA"), and to comply with the reporting and withholding obligations imposed by the Foreign Account Tax Compliance Act ("FATCA"). These tax considerations are in addition

	to transfer tax and federal, state, and local income tax considerations or the special considerations that can apply to REITs as described below. There can be no assurances that the structure of a Fund or any investments by the Fund will be tax efficient for any particular investor.
<b>Item 8.C</b>	<p>In addition to the risks described under “General Risks,” the material risks associated with the Funds may include:</p> <p><i>Investment in REITs.</i> The Funds may invest in securities issued by REITs, which have the following particular risks:</p> <ul style="list-style-type: none"> <li>• Many REITs utilize leverage which increases investment risk as discussed above. Public REITs could experience factors resulting in a downgrade of an issuer’s credit rating.</li> <li>• Further, REITs, including any Fund that is a feeder vehicle seeking to qualify as a REIT and any investment REIT, are subject to highly technical and complex provisions in the Internal Revenue Code such as: <ul style="list-style-type: none"> <li>○ Requirements about the number of the REIT’s shareholders, restrictions on the concentration of ownership of the REIT’s shares and the ability to grant differential rights to shareholders;</li> <li>○ Restrictions both on the types of assets and income that the REIT can have;</li> <li>○ Strict recordkeeping requirements;</li> <li>○ Failing to qualify for conduit income tax treatment under the Code, which could have an adverse impact on the value of its securities; and</li> <li>○ Restrictions on the timing of asset sales, and the possibility of punitive tax rates on “dealer” income.</li> </ul> </li> <li>• Similar requirements, or additional requirements such as limits on leverage, may apply for any investor that is seeking to treat its investment in a U.S. REIT as a REIT under the tax or regulatory laws of another country, and failure to maintain such status could result in adverse treatment under such laws.</li> </ul> <p><i>Investment Company Act Status.</i> Failing to maintain its exemption from registration under the Investment Company Act of 1940.</p> <p><i>Credit Risk of Tenants.</i> Funds may invest in properties in which tenant leases will generate a significant portion of such properties’ revenue. As a result, such a Fund is subject to the credit risk of such properties’ tenants. In particular, local economic conditions and factors affecting the industries in which such tenants operate may affect the tenants’ ability to make lease payments. In the event that a tenant defaults on its lease and fails to make rental payments when due, there could be a significant decrease in a Fund’s revenues. This loss of revenues could adversely affect a Fund’s profitability and its ability to meet its financial obligations. In addition, replacement tenants may not be able to be located in a timely manner or on comparable or better terms if any tenant defaults on its lease. These risks can be magnified in those instances where a single tenant occupies, or small numbers of tenants occupy, an entire building. Historically, Paramount real estate assets have also attracted numerous financial services firms and the law firms that service them. Financial service firms have been recently subjected to increased market volatility and regulation, and law firm tenants, in particular, are private entities which can lack transparency as to their financial condition, making underwriting and monitoring their tenancies difficult. There can be no assurance that a major tenant will not suffer</p>

financial difficulty and that their space would not need to be re-let at an inopportune time, potentially on less favorable terms depending on market conditions.

*Office Properties.* Funds may invest in office properties, which subject a Fund to particular risks. These risk factors include the effect on such properties by the demand for office space locally, the impact of a recession on the local market and the building's tenants, the quality of an office building's tenants, an economic decline in the business operated by the tenants or the local economy in general, the physical attributes of the building in relation to competing buildings (e.g., age, condition, design, appearance, amenities and location), access to transportation, and the reliance on a single or dominant tenant.

*Retail Properties.* Certain Funds may invest in retail properties (e.g., ancillary to an office project), which subject the Fund to particular risks. The value and successful operation of a retail property is sensitive to a number of risk factors, including, but not limited to: changes in consumer spending patterns, local competitive conditions that could affect the level of retail sales (such as the supply of retail space or the existence or construction of new competitive shopping centers or shopping malls, the bankruptcy or distress of tenants, the availability of sublease space, alternative forms of retailing (such as direct mail, video shopping networks and internet web sites, which reduce the need for retail space by retail companies), the safety, convenience and attractiveness of the property to tenants and their customers, the need to make major repairs or improvements to satisfy the needs of major tenants, traffic patterns and access to major thoroughfares, and local unemployment rates.

*Residential Properties.* Certain Funds may invest in residential properties (e.g., ancillary to an office project or as a planned conversion, or, in the case of the residential development Fund, with condominium development as a primary investment strategy), which subject the Fund to particular risks. The value and successful operation of a residential property is sensitive to a number of risk factors, including, but not limited to: changes in local employment, short-term rental rates, and access to transportation. For development and redevelopment projects, the ability to achieve appropriate zoning, project costs, and control cost overruns, can all be critical to a project's success or failure.

*Other Properties.* While it has not historically been a primary focus of the Funds, they can also invest in other asset types such as multifamily residential (e.g., apartments) and hotel properties. These have similar risks to office, residential and retail properties in terms of, for example, general and local economic risk but can be even more sensitive to employment and leisure trends because the rents (or hotel rates) typically reset on much shorter term leases. Hotel investments also entail many risks applicable to non-real estate operating businesses such as the need to provide daily intensive services and amenities to customers, provide for near term and longer term bookings, manage significant labor forces, etc. As a result, performance of these assets can be even more volatile than other asset classes.

*Risks Associated With Investments in Mortgage Loans, Mezzanine Loan and Preferred Equity.* The Funds may invest in or originate mortgage loans, mezzanine loans and preferred equity (collectively, "Debt Instruments"), including in certain "loan-to-own" situations. The value of these investments will be influenced by the historical rate of delinquencies and defaults experienced on the Debt Instruments and by the severity of loss incurred as a result of such defaults. The factors influencing delinquencies, defaults and loss severity include (i) economic and real estate market conditions by industry sectors (e.g., multifamily, retail, office), (ii) the

	<p>terms and structure of the Debt Instruments, and (iii) any specific limits to legal and financial recourse upon a default under the terms of the Debt Instruments. In some instances, relationships with borrowers or common equity holders can become contentious, increasing the risk of disputes and/or litigation over enforcement of remedies and/or affirmative torts such as lender liability. These can result in delays or inability to access collateral as well as other direct losses.</p> <p>The ability of a borrower to repay a Debt Instrument directly or indirectly secured by income-producing property typically is dependent primarily upon the successful operation and operating income of such property (i.e., the ability of tenants to make lease payments, the ability of a property to attract and retain tenants, and the ability of the owner to maintain the property, minimize operating expenses, and comply with applicable zoning and other laws) rather than upon the existence of independent income or assets of the borrower and many commercial mortgage loans may provide recourse only to specific assets, such as the property, and not against the borrower's other assets or personal guarantees. Accordingly, investors in and originators of such loans bear the risk that the borrower will be unable to refinance or otherwise repay the mortgage at maturity, thereby increasing the likelihood of a default on the borrower's obligation.</p> <p><i>Legal and Regulatory Risks.</i> The Funds can face legal risks in managing their portfolios.</p> <ul style="list-style-type: none"> <li>• In addition to potential litigation with tenants, joint venture partners, and borrowers, the acquisition, ownership and disposition of real-estate related investments carries certain specific litigation risks, including, without limitation, liability claims related to activities that took place prior to a Fund's acquisition or damage claims from potential or successful buyers during the disposition process.</li> <li>• The tax and regulatory status of each Fund, each general partner, and of PGREA as an investment adviser, can also be complex. The Funds and PGREA will seek to limit their activities so as to reduce, eliminate or mitigate certain taxes or tax reporting obligations, and to prevent the need to register their own activities or the securities of individual Funds for public offer or trading or to assume the status of regulated investment companies, each by way of general example.</li> <li>• In 2010, the European Parliament approved the final draft of the Directive on Alternative Investment Fund Managers (Directive 2011/61/EU, the "<u>AIFMD</u>") to regulate managers and operators of non-retail collective investment structures defined in the AIFMD as Alternative Investment Funds. The AIFMD has now entered into force and was required to have been implemented into national law by the EU Member States on July 22, 2013. Accordingly, certain Funds have taken or may need to take certain actions or comply with certain laws that may be costly or less than optimal in order to remain compliant with the AIFMD. To the extent that marketing of a given Fund is carried out in EU Member States a Fund may be within the scope of the AIFMD. If marketing of a Fund is carried out in EU Member States, such Fund, its general partner, and PGREA will need to comply with specific reporting, disclosure and notification requirements under the AIFMD. This might lead to an increase of the costs and expenses that have to be borne by the Fund's investors. Currently, one of the Funds has taken steps to market in certain EU Member States and comply with the AIFMD. In addition, the implementing legislation in Germany, in particular, where a number of the investors in the Funds are located, is</li> </ul>
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	<p>broad in scope. PGREA is not registered, supervised or authorized by the German Federal Financial Supervisory Authority according to the German law implementing the AIFMD. Authoritative interpretations of it are limited, so the actions required to comply with it remain somewhat uncertain. Accordingly, there is a risk that AIFMD could further affect various of the Funds, particularly those which are either still raising or investing capital, their general partners, PGREA or its affiliates, or require or necessitate amendments to the constituting documents.</p>
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## ITEM 9 – DISCIPLINARY INFORMATION

On April 25, 2017, PGREA I submitted an offer of settlement (the “Offer”) to the SEC in connection with an administrative proceeding pursuant to Sections 203(e) and 203(k) of the Advisers Act. The Offer was presented to the SEC, and the SEC determined to accept it. Solely for the purpose of proceedings brought by or on behalf of the SEC, or to which the SEC is a party, PGREA I agreed to consent to an order imposing remedial sanctions and a cease-and-desist order (the “Order”) without admitting or denying the matters set forth therein (other than those relating to the jurisdiction of the SEC over it and the subject matter of the action). The Order, which was entered on July 6, 2017, resolved the SEC’s allegations that PGREA I caused Paramount Group Real Estate Fund III, L.P. (“Fund III”) to sell one of its investments in real property, a parking garage, to Paramount Group Residential Development Fund, L.P. (“RDF”). In connection with the transaction, the SEC alleged that PGREA I failed to cause RDF to reimburse Fund III for certain development expenses Fund III had incurred before the sale, despite PGREA I’s commitment to Fund III’s investor advisory committee (“Fund III IAC”) at the time the Fund III IAC approved the sale that the reimbursement would be made. Following the appraisal process, PGREA I decided not to cause RDF to reimburse Fund III for the development expenses Fund III incurred in an effort to get the garage upzoned before the sale. In PGREA I’s view, the final price RDF paid to Fund III already reflected the increased value that would result from the upzoning, and related expenses, because one of the two appraisals ultimately used to calculate the purchase price effectively assumed the upzoning would be achieved. The SEC alleged that PGREA I improperly failed to seek approval from the Fund III IAC, or the Fund III Limited Partners, to eliminate the reimbursement requirement as a condition of the sale, and failed to disclose its decision to the Fund III IAC or the Fund III Limited Partners that no such reimbursement would be made. At the time of the sale, PGREA I served as investment adviser to both Fund III and RDF, of which PGREA I and its affiliates owned 3% and 26.7%, respectively. Based on the foregoing conduct, the SEC alleged that PGREA I violated Sections 206(2) and 206(4) of the Advisers Act, and Rule 206(4)-8 thereunder. The Order requires PGREA I to cease and desist from committing or causing violations of the securities laws identified above and pay a \$250,000 civil monetary penalty, which was paid.



## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

<b>Item 10.A</b>	Not applicable to PGREA.
<b>Item 10.B</b>	Not applicable to PGREA.
<b>Item 10.C</b>	<p>PGREA and Paramount face significant conflicts of interest in connection with the management of the Funds and their investments. Certain of these conflicts arise from the fact that PGREA acts as investment adviser to multiple affiliated Funds, and that affiliates of Paramount act as general partner of, or provide other services to, the Funds and other clients. Certain of these conflicts are described below. For a discussion of the potential conflicts of interest associated with investing in a particular Fund, prospective investors should refer to the Fund's PPM.</p> <p><i>Allocation of Investment Opportunities.</i> PGREA and/or its affiliates may, from time to time, be presented with investment opportunities that fall within the investment objective of one or more Funds, one or more funds formed in the future by PGREA or its affiliates, other persons or entities whose investments are managed or controlled by PGREA and/or its affiliates, or Parent itself. The management agreements between PGREA and the Funds do not impose any specific obligations or requirements concerning the allocation of investment opportunities to the Funds or any restrictions on the nature or timing of investments for the proprietary account of Paramount, its affiliates, or other clients. Such parties are not required to accord exclusivity or priority to the Funds in the event of limited investment opportunities except to the extent, for certain Funds, the general partner has promised to do so in its governing documents.</p> <p>However, in such circumstances, PGREA's allocation policy is to allocate such opportunities in a manner it reasonably determines in good faith to be fair and reasonable, taking into account the sourcing of the transaction, the history of the transaction (including the business interests and other requirements of third parties in the transaction), the relative amounts of capital available for investment, and other relevant considerations such as the contractual and legal restrictions described herein. Those members of the Executive Committee that are involved in the allocation process will be empowered to take into account other considerations as they deem appropriate to ensure a fair and equitable allocation of opportunities, and will be entitled to vary their future approach to allocation in light of such factors as they consider relevant, including developing market practice. Similarly, the individuals responsible for allocation decisions may change in the future based on the personnel needs of Paramount and developing market practice. Nonetheless, there are conflicts inherent in any allocation process.</p> <p>Depending on the timing of the relevant transaction, a co-investment may begin as a purchase and subsequent sale transaction, where other allocations procedures than the ones described above would otherwise apply. This may occur, for example, in circumstances where one or more conditions to the later-acquiring party's investment need to be satisfied before it is able to participate. It will also be within the discretion of a Fund's general partner to determine to co-invest in opportunities or otherwise create shared economics. Such transactions would</p>

	<p>occur on terms that may not be arms-length, but that the general partner determines are reasonable for such Fund.</p> <p><i>Allocation of Personnel.</i> PGREA personnel will devote such time as may be necessary to conduct the business affairs of the Funds in an appropriate manner. However, management agreements between PGREA and the Funds do not impose any specific obligations or requirements concerning the specific amount of time or resources devoted to the affairs of the Funds. PGREA (and Paramount) personnel will work on behalf of multiple Funds and may also perform services for Parent and its affiliates and, therefore, conflicts may arise in the allocation of personnel and their time.</p> <p><i>Co-investments and Other Counterparty Transactions.</i> Some of the existing Funds are “parallel funds” for certain investors who, for tax or other reasons deemed necessary or advisable by a Fund’s general partner, would be disadvantaged by a direct investment in the applicable Fund. Investors in these parallel funds will generally co-invest and vote with a corresponding “sister” Fund as if a part thereof as provided in the respective Fund’s governing documents. In addition, Paramount may form other collective investment vehicles or other arrangements for third party joint ventures, strategic investors, or alternative investment vehicles for individual assets or groups of assets (“<u>AIVs</u>”) for Fund investors that need a different form of ownership. Finally, Paramount itself may coinvest with a given fund. Co-investors can have different costs of capital and investment horizons and objectives. Furthermore, one or more Paramount affiliates also routinely act as the general partner and or asset manager of the various joint venture special purpose entities in which PGREA’s investment funds or other Paramount-managed ventures hold an interest and which own, directly or indirectly, the real estate assets. These entities may have third party shareholders and general or limited partners to which Paramount may owe contractual or other duties.</p> <p>In conducting Paramount’s own business activities or providing services to its various other clients and the Funds, Paramount may face conflicts of interest with respect to the activities recommended to or performed for itself or such clients on the one hand, and a given Fund on the other hand, and such activities could compete with or otherwise adversely affect the Funds. Paramount personnel may have to act for these competing interests simultaneously and sometimes in a manner that is transactionally adverse (e.g., in purchase and sale transactions, or with respect to “bridge” or “warehouse” loans provided by Paramount affiliates to enable a Fund to purchase an asset). In these situations, PGREA will act in a manner that it determines to be fair and reasonable taking into account the various interests involved and in compliance with all contractual obligations, internal conflicts management procedures in place, and applicable laws.</p> <p><i>Other Business Activities.</i> Paramount conducts other business apart from PGREA’s management of the Funds including, without limitation, business relating to real estate investments, property management, and real estate asset management. Paramount and its related or affiliated parties (i) may act as advisors to or source deals for other collective investment vehicles or clients, (ii) may have, make and maintain investments in their own names or through other entities, (iii) may serve as consultants, partners or stockholders of one or more investment funds, limited partnerships, or advisory firms and (iv) may act as directors, officers and/or employees of any bank or corporation, trustees of any trust, executors or administrators of any estate, or administrative officials of any other business entity</p>
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(for this purpose, all of the foregoing, including affiliates, “Related Parties”). These include Parent, its subsidiaries, and each of the Funds and various related vehicles organized in the U.S. and abroad, as parallel funds, feeder funds, or strategic investors with respect to the Funds.

*Affiliation with Foreign Syndicator and Placement Agent.* Albert Behler, Chairman, CEO and President of Parent and President of PGREA, is a significant equity owner of the Hamburg Trust Group (“HTG”). HTG is a real estate syndicator located in Hamburg, Germany which sponsors various real estate investment vehicles targeted toward German institutions and high net worth individuals. In the past, HTG has sponsored certain foreign limited partner entities that have invested through debt or equity in PGREA’s parallel funds organized in the Cayman Islands and, in one case, Delaware, and HTG may sponsor similar entities with respect to the Funds which may be organized in Germany or elsewhere. HTG may also sponsor co-investment vehicles in one or more individual real estate assets, including those in which a Fund may invest.

Another entity owned by Albert Behler (a former HTG affiliate) has also been engaged to provide placement services to Paramount and in connection therewith may engage one or more agents in Europe at Paramount’s request to assist it in raising capital for various of the Funds.

Because a placement agent may be directly compensated based on an investor’s decision to purchase and retain an interest in a Fund (directly or indirectly through a feeder vehicle), there exists a potential conflict of interest when any such placement agent arranges for an investor to purchase or otherwise attempts to sell an interest in a Fund. For instance, other investment funds may offer investment opportunities which are substantially similar to the program offered by the Fund being recommended but a placement agent may have a financial incentive to recommend the Fund to their clients. Additionally, a placement agent that receives a fee in connection with an investor’s continued ownership of a Fund interest has a conflict of interest in advising such investor regarding its investment in the Fund.

All of these arrangements with HTG are or will be approved by the CCO.

*Service Providers; Relationship Parties.* Certain (i) service providers (or their affiliates), including administrators, lenders, brokers, attorneys, consultants and investment banking firms to the Funds and their investments, (ii) large investors in the Funds, (iii) tenants of a property owned or managed by Paramount or to which Paramount serves as a lender or otherwise holds an equity interest, (iv) joint venture partners, (v) investors or shareholders in Parent or the Operating Partnership and (vi) other parties (collectively, “Relationship Parties”), may also have relationships with, have provided goods or services to, or otherwise transacted with Paramount or other organizations with which Paramount employees have been affiliated. These transactions and relationships may influence Paramount in deciding whether to select a Relationship Party to transact with the Fund or its investments. Paramount may choose to engage the same Relationship Parties to transact with a Fund and its investments as are currently transacting, or have previously transacted with another Fund or its investments. In some cases, these Relationship Parties may provide discounts in connection with such transactions for one or more of these parties. There can be no guarantee that the Funds or any of their investments will receive the most beneficial terms offered by any particular Relationship Party. More favorable terms offered by

	<p>Relationship Parties for certain work or to some or all of the Funds or their investments may influence Paramount in deciding whether to select such Relationship Party to transact with such parties.</p> <p><i>Affiliation with Commodity Pool Operator.</i> The general partner of some of the Funds has claimed a formal exemption from registration as a commodity pool operator pursuant to CFTC regulation 4.13(a)(3). PGREA does not anticipate this to cause a material conflict of interest.</p> <p><i>Other Conflicts.</i> See also Item 4.C regarding co-investments and side letters and Item 6 regarding conflicts of interests arising from carried interest compensation payable by the Funds to affiliates of PGREA.</p>
<b>Item 10.D</b>	Not applicable to PGREA.

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

<p><b>Item 11.A</b></p>	<p>PGREA adopted a Code of Ethics designed to comply with the requirements of Rule 204A-1 of the Advisers Act. The Code of Ethics applies to PGREA’s access persons and sets forth a standard of business conduct that takes into account PGREA’s status as a fiduciary and requires access persons to place the interests of Funds and investors above their own interests. The Code of Ethics requires access persons to comply with applicable federal securities laws. Further, access persons are required to promptly bring violations of the Code of Ethics to the attention of PGREA’s CCO. All access persons are provided with a copy of the Code of Ethics and are required to acknowledge receipt of the Code of Ethics on at least an annual basis.</p> <p>Among other requirements, the Code of Ethics sets forth certain reporting and pre-clearance requirements with respect to personal trading by access persons. PGREA’s access persons must provide the CCO with a list of their personal accounts and an initial holdings report within 10 days of becoming an access person. Such access persons must provide annual holdings reports and quarterly transaction reports in accordance with Rule 204A-1.</p> <p>The Code of Ethics also addresses activities which may lead to or give the appearance of conflicts of interest or prohibited or unethical business conduct. This includes provisions relating to the protection of non-public information (for both investors and the Funds) and a prohibition on insider trading. It also includes limitations on outside affiliations, sets both limits by category and <i>de minimis</i> limits on reporting of gifts and business entertainment items, the reporting of certain political contributions, and the cited limitations and supervision of personal securities transactions and holdings in reportable securities.</p> <p>Clients or prospective clients may obtain a copy of PGREA’s Code of Ethics by contacting the CCO, Gage Johnson at 212-237-3154 or by email at <a href="mailto:gjohnson@paramount-group.com">gjohnson@paramount-group.com</a>.</p>
<p><b>Item 11.B</b></p>	<p>Paramount affiliates serve as the general partner (or management equivalent) of each Fund for which PGREA acts as the manager or advisor, and Paramount officers, members and employees may invest in such Funds or feeder vehicles associated therewith, and in each case for which PGREA may also serve as investment manager or adviser.</p> <p>In addition, each Fund is generally permitted to co-invest side-by-side with other PGREA-advised Funds and/or Paramount affiliated companies (e.g., Parent) and partnerships. Further, in some instances Parent or its affiliates may provide bridge capital in the form of debt or equity to enable a Fund to purchase an asset.</p> <p>In any instance where the result is that a Fund is engaging in a purchase and sale transaction with a principal party or another Fund or entity managed by PGREA or an affiliate, the Fund and PGREA have implemented procedures whereby the Fund’s Advisory Committee (as defined in Item 13.A) will be briefed and approve action on behalf of the Fund in the proposed transaction to the extent required by the governing documents or applicable law. In addition, when required by the Fund’s governing documents, the general partner will obtain a fairness opinion concerning the transaction. Alternatively, PGREA or the Fund’s general partner may choose to have the investors approve the proposed action directly by requisite</p>

	<p>majority vote in cases where such a majority could amend the governing documents to permit the proposed action, or may choose to hire an independent fiduciary to advise or act on the Fund's behalf, or take other appropriate action to manage the conflict of interest.</p> <p>Moreover, PGREA's related persons are subject to its policies and procedures regarding confidential or proprietary information, information barriers and personal trading.</p>
<b>Item 11.C</b>	<p>See response to Item 11.B.</p> <p>PGREA and its affiliates may give advice and recommend the purchase or sale of securities and other financial instruments, or buy or sell such securities and instruments for their own account or that of other clients (which may include other Funds), which advice or instruments may be the same as or differ from advice given to, or instruments recommended or bought or sold for, the Funds, even though, in the case where advice may differ, their investment objectives may be the same or similar. Investment decisions for each discretionary Fund client are made on their own merits under the facts presented at the time of the decision.</p> <p>Potential conflicts of interest may also arise in connection with the personal trading activities of Paramount's employees.</p> <p>In order to prevent such conflicts, PGREA's Code of Ethics is designed to ensure that the personal securities transactions of PGREA's officers and other supervised persons do not conflict with, or make use of material non-public information arising from, transactions effected on behalf of the Funds. Access persons of PGREA must (i) place the interests of the Funds and their investors first, (ii) avoid taking inappropriate advantage of their positions within the firm, and (iii) conduct their personal securities transactions in full compliance with the Code of Ethics.</p> <p>As required by Rule 204A-1 of the Advisers Act, PGREA requires its access persons to report their securities transactions on at least a quarterly basis and disclose their securities holdings upon becoming an access person and on an annual basis thereafter. PGREA also limits certain personal trading of its access persons. In particular, when applicable, PGREA maintains a restricted list containing the names of securities which access persons must pre-clear and may be prohibited from trading. PGREA also maintains policies and procedures to prevent insider trading that are designed to prevent the misuse of material, non-public information. PGREA's access persons are required to certify on an annual basis their compliance with such policies and procedures as well as the Code of Ethics.</p>
<b>Item 11.D</b>	<p>Please refer to the responses in Items 11.A, 11.B, and 11.C.</p>

## ITEM 12 – BROKERAGE PRACTICES

Item 12.A.1	<p><b><u>Best Execution</u></b></p> <p>PGREA’s advisory business generally involves privately negotiated transactions in which best execution obligations do not arise in the same context as transactions in publicly-traded securities. However, when PGREA purchases or sells publicly-traded securities, it will, in those circumstances, seek to achieve “best execution.” The SEC generally describes this process as a duty to execute securities transactions so that a client’s total costs or proceeds in each transaction are the most favorable under the circumstances. While this duty generally begins with a requirement that PGREA obtain the best price available for the securities in each transaction, PGREA may take into account a number of factors, including a broker’s trading expertise, reliability, responsiveness, reputation, execution, clearance, settlement and error correction capabilities, availability of securities to borrow or short sales, and the value of research it provides.</p> <p>When executing a transaction in any investment with or for a Fund, PGREA will take all reasonable steps to ensure that the counterparty is reliable and that the terms and circumstances of the transaction are the best available on the relevant market at the time of execution for transactions of the same size and nature. PGREA will consider the cited factors above and undertake to ensure that these transactions receive best execution. Those efforts generally include:</p> <ul style="list-style-type: none"> <li>• Monitoring the quality of execution.</li> <li>• Checking reports of the trades as they are received against their time and sales quotes in electronic market data systems which display all price ticks in real time in order to ascertain compliance with given trade instructions and to verify accuracy of executions.</li> </ul> <p>To the extent applicable, PGREA’s efforts in this area also include periodic reviews by investment professionals and the CCO of the performance of broker-dealers. A copy of the written record of such reviews will be maintained by the CCO.</p> <p><b><u>Soft Dollars</u></b></p> <p>PGREA, as a matter of policy, does not effect soft dollar transactions and does not enter into soft dollar arrangements in respect of transactions for any Funds.</p>
Item 12.A.2	Not applicable to PGREA.
Item 12.A.3	Not applicable to PGREA.
Item 12.B	<p>Not applicable to PGREA.</p> <p>PGREA presently provides investment advisory services to a select and limited number of Fund and related client portfolios and engages in few, if any, transactions concerning traded securities where volume and similar discounts may apply. As such, there is no need to aggregate purchase or sale of traded securities for multiple client accounts.</p> <p>To the extent more than one client Fund participates in the acquisition of a private real estate security, no such volume discount applies. In these instances, each Fund will typically invest on a pari passu basis paying its pro rata portion of the costs incurred and the interests would be acquired together.</p>

## ITEM 13 – REVIEW OF ACCOUNTS

Item 13.A	<p><b><u>Investment Reviews</u></b></p> <p>PGREA conducts Fund reviews on a quarterly basis in connection with the preparation of the quarterly reports that each Fund sends to its investors. Various investment professionals and members of Paramount’s finance team review overall performance, strategic direction, and the draft financial statements (balance sheet and income/expenses) after each calendar quarter closes. The draft quarterly reports are reviewed by the CEO, the compliance and legal department, and selected members of the Finance or Capital Markets teams.</p> <p>In addition, the performance of each Fund’s individual equity assets is reviewed in detail on a monthly basis (quarterly for debt and preferred equity investments) by Paramount’s Operating Committee, of which all Executive Committee members are a part. These reviews cover operational performance of the assets, budgets, litigation and regulatory issues.</p> <p>As to individual investors in the Funds, PGREA does not tailor its advisory services to the individual needs of such investors, nor will it accept investor-imposed investment restrictions unless these are documented in a side letter agreement that is approved by the CCO, and the effect of which is therefore that any restriction proposed that is agreeable would be effectively incorporated into the Fund’s own investment guidelines while such side letter remains in force. All investment guidelines and restrictions, if any, for each Fund are set forth in its PPM and other constituent documents of the Funds. Each investor in a Fund represents in its subscription agreement that it has read the PPM and understands the investment program of the Fund and the associated risks of investment.</p> <p><b><u>Advisory Committee</u></b></p> <p>As outlined in each respective Fund’s governing documents, the various Funds will each have an investor advisory committee (each an “<u>Advisory Committee</u>”). Membership will be offered in accordance with the procedures set forth in each Fund’s governing documents, typically to all investors (including indirect investors via feeder REITs) who commit capital over a certain threshold level as well as certain other members designated by the general partner. The function of the respective Fund Advisory Committee shall be to approve such matters and perform such other functions as are provided for in the Fund’s governing documents or otherwise pursuant to law—e.g., typically the review or approval of transactions presenting a conflict of interest such as the purchase of an asset by a Fund from Paramount or another Related Party. Some Funds permit the Advisory Committee to also approve proposed variances from the stated investment guidelines. If asked or required to vote, the Advisory Committee shall act by the majority vote of its members but will not have any power to manage the Fund or any of its investments except with respect to the approval of any conflicts of interest as may be required by law. In addition, the Fund’s general partner or PGREA may instead seek direct approval of any transaction presenting a conflict of interest from the requisite majority of the limited partners or other investors as would be permitted to amend the governing documents to permit the Related Party transaction, or may seek the advice or approval of an independent fiduciary empowered to act on behalf of the Fund or take other appropriate action to manage any conflict of interest.</p>
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	<p><b><u>Valuation</u></b></p> <p>PGREA is compensated based on the amount of invested capital and its affiliates are compensated on a share in capital gains or the capital appreciation of these assets as well as for other services provided. As a fiduciary, PGREA has an obligation to ensure that Fund assets are valued appropriately in order to provide the most accurate reporting possible. The fair market value of Fund assets is determined in accordance with the applicable Fund governing documents, as amended from time to time.</p> <p>Net asset value of the Funds is determined by PGREA (in consultation with each affiliated Fund general partner) and reviewed and approved by PGREA’s Chief Financial Officer. In determining overall net asset value, each asset is valued. All Fund assets will be valued at least annually and, in practice, typically quarterly.</p> <p>The majority of the Funds’ investments consist of real estate instruments that will not have unadjusted quoted prices (“<u>Level I</u>”) or direct or indirect observable inputs other than quoted prices available for valuation (i.e., Level II inputs). As such, PGREA will most often use “Level III inputs” which are unobservable inputs, allowing for situations in which there is little, if any, secondary market activity for the asset at the measurement date. It should be noted that PGREA’s valuation procedures are based on industry accounting and other industry standards. PGREA values its investments at their fair value, in accordance with the Financial Accounting Standard Committee’s Accounting Standards Codification Topic 820-10, “Fair Value Measurements.”</p> <p>All Level I assets owned by a Fund, if any, will be valued with reference to observable market prices by the prime broker, custodian or other financial institution having custody of such assets. Cash is valued at its stated balance.</p> <p>As the Funds will generally report on a fair market value basis, they will periodically value real estate investments. Each Fund general partner is required to determine the fair market value of the Fund’s real estate investments, at a minimum annually, using third party appraisals or valuations as the basis therefor, provided, however, that each such general partner shall retain ultimate discretion to set such values. In addition, as a matter of practice, each general partner will consider whether valuations should be reviewed on an interim basis because of events affecting any asset, in which case, a general partner may perform an internal valuation or commission a full third party appraisal with a limited report.</p> <p>An exception may be made by a Fund’s general partner, in its sole discretion, in the case of assets undergoing significant capital improvements or otherwise in a not fully stabilized operating condition, in which case such general partner shall determine at what point a valuation of the assets, as stabilized, would be appropriate. In addition, in the cases of large asset portfolio investments, operating company investments, or non-performing loan portfolios, a Fund’s general partner, in its sole discretion, may deem it appropriate to modify valuation procedures to incorporate the use of sales comparisons, valuations on statistically meaningful samples, and earnings multiples in lieu of external appraisals.</p> <p>In the event of a discrepancy between what any third party appraisal or valuation concludes and Paramount, the PGREA Valuation Committee will convene. The Valuation Committee is made up of representatives from Paramount’s portfolio management, finance/operations and compliance departments. In addition to reviewing valuation discrepancies, the Valuation Committee meets on at least an</p>
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	<p>annual basis to review, discuss and approve final valuations of all assets in connection with the preparation of the Fund's annual reports.</p> <p>The Funds do not currently employ an independent administrator. Paramount retains an auditor for each Fund that performs an annual audit which is inclusive of PGREA's valuation of Fund assets.</p> <p>For more detail on valuation procedures, clients or prospective clients may obtain a more information by contacting the CCO.</p>
<b>Item 13.B</b>	Please refer to Item 13.A.
<b>Item 13.C</b>	Each Fund receives quarterly unaudited reports of Fund performance and annual audited financial statements. These written statements are also given to individual Fund investors. If an individual Fund investor desires to receive other reporting from PGREA, it is provided as a matter of negotiation, and only with the understanding that no such report should be construed as individualized investment advice.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

<b>Item 14.A</b>	Not applicable to PGREA.
<b>Item 14.B</b>	<p>Paramount’s fundraising efforts are primarily sourced and negotiated on an exclusive basis via industry-based relationships of its executive management team.</p> <p>PGREA or its affiliates may enter into written arrangements with third parties to act as solicitors for PGREA’s investment management business. As applicable, the fact of such compensation will be fully disclosed to each potential investor in a Fund consistent with applicable law. All such referral activities will be conducted in accordance with SEC Rule 206(4)-3 under the Advisers Act, as well as relevant SEC guidance, where applicable.</p>

## ITEM 15 – CUSTODY

Although PGREA or an affiliate is deemed to have custody of the underlying assets of the Funds by virtue of its status as investment manager or general partner of a Fund, PGREA and its affiliates do not maintain physical custody of Fund assets. Rather, each Fund must establish a custody account with one or more unaffiliated qualified custodians for affected assets, which will send statements to the Fund, at least quarterly, as agreed and consistent with applicable legal requirements. For example, cash assets of the Funds are maintained at unaffiliated qualified custodians as identified in Form ADV Part 1A. Limited partnership interests in real estate assets are typically uncertificated, but to the extent certificates of ownership in investment REITs or other securities should ever be received, they would be forwarded to a qualified custodian for safekeeping.

In compliance with Rule 206(4)-2 under the Advisers Act, PGREA reasonably believes that all investors in the client Funds will be provided with audited financial statements for each client Fund, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, or, for non-U.S. client funds with only non-U.S. investors, substantially similar non-U.S. accounting standards, within 120 days of the end of the Funds' respective fiscal years (*i.e.*, generally by April 30).

Clients are urged to compare the account statements they receive from their custodian with the performance reports provided by PGREA, if any.

## **ITEM 16 – INVESTMENT DISCRETION**

As dictated by each discretionary Fund's governing documents, PGREA has full investment discretionary authority to manage the Funds and therefore does not require, and does not seek, approval from the Funds or the investors in the Funds with respect to buy or sell investment decisions of the Funds, except in connection with certain material conflicts of interest such as certain purchase and sale transactions between a Fund and a Related Party or, if required by the governing documents of a particular Fund, variances from the stated investment guidelines, either of which would then be considered and approved or disapproved on behalf of a Fund by its Advisory Committee, requisite majority investor approval, or other actions described herein. There are no accounts which are sub-advised by either affiliated or non-affiliated portfolio managers.

Each Fund's investment strategy is set forth in detail in its respective PPM and/or governing documents. Individual investors in the Funds may, as a condition of their investment, seek to impose limitations on PGREA's discretionary authority by side letter as described above. Any such side letter must be approved by PGREA's CCO.

Prospective investors are provided with a PPM prior to their investment and are encouraged to carefully review all offering materials and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors must also execute a subscription agreement, in which they make various representations, including representations regarding their suitability to invest in a privately placed investment pool.

## ITEM 17 – VOTING CLIENT SECURITIES

<b>Item 17.A</b>	<p>Fund governing documents may provide PGREA or each Fund’s general partner with the authority to vote proxies with respect to the securities owned by the Fund. In such cases, each proxy proposal received by PGREA will be thoroughly reviewed by PGREA or each Fund’s general partner, as necessary, in order to ensure that such proxy is voted in the best interests of the Fund. As it relates to voting proxies, each Fund’s general partner is responsible for the management, policies and operations of each Fund, acting pursuant to and in accordance with each Fund’s constituent documents.</p> <p>PGREA has adopted proxy policies and procedures that it believes are reasonably designed to comply with the supervision and recordkeeping requirements of Rule 206(4)-6 of the Advisers Act. To the extent applicable, PGREA will generally vote proxies or corporate actions based on what it considers to be in the best financial interest of the Funds and their investors.</p> <p>If at any time, PGREA and/or its affiliates becomes aware of a material conflict of interest relating to a particular proxy proposal, PGREA or each Fund’s general partner will handle such proposal by requiring such proposal to be reviewed by PGREA’s legal department and the CCO, who will determine how to vote the proxy in a manner consistent with the Funds’ best interest.</p> <p>To receive a copy of PGREA’s proxy policy and a record of how PGREA voted proxies, please contact the CCO, Gage Johnson at 212-237-3154 or by email at <a href="mailto:gjohnson@paramount-group.com">gjohnson@paramount-group.com</a>.</p>
<b>Item 17.B</b>	Not applicable to PGREA.

## ITEM 18 – FINANCIAL INFORMATION

<b>Item 18.A</b>	Not applicable to PGREA.
<b>Item 18.B</b>	PGREA is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.
<b>Item 18.C</b>	Not applicable to PGREA.

## ITEM 19 – REQUIREMENTS FOR STATE-REGISTERED ADVISERS

<b>Item 19.A</b>	Not applicable to PGREA.
<b>Item 19.B</b>	Not applicable to PGREA.
<b>Item 19.C</b>	Not applicable to PGREA.
<b>Item 19.D</b>	Not applicable to PGREA.
<b>Item 19.E</b>	Not applicable to PGREA.



## **APPENDIX I – WRAP FEE PROGRAM BROCHURE**

<b>Item 1</b>	Not applicable to PGREA.
<b>Item 2</b>	Not applicable to PGREA.
<b>Item 3</b>	Not applicable to PGREA.
<b>Item 4</b>	Not applicable to PGREA.
<b>Item 5</b>	Not applicable to PGREA.
<b>Item 6</b>	Not applicable to PGREA.
<b>Item 7</b>	Not applicable to PGREA.
<b>Item 8</b>	Not applicable to PGREA.
<b>Item 9</b>	Not applicable to PGREA.
<b>Item 10</b>	Not applicable to PGREA.