



## ITEM 1 – COVER PAGE

**(Form ADV, Part 2A – Firm Brochure)**

March 30, 2020

**Broadshore Capital Partners, LLC**

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This brochure provides information about the qualifications and business practices of Broadshore Capital Partners, LLC. If you have any questions about the contents of this brochure, please contact us at (800) 261-4481. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Broadshore Capital Partners, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

## ITEM 2 – MATERIAL CHANGES SINCE LAST ANNUAL UPDATE OF THIS BROCHURE

The following is a discussion of only the material changes since the last annual update of our brochure, which was made on March 28, 2019.

- As of June 2019, Elena Branzburg became General Counsel of Broadshore Capital Partners, LLC (“Broadshore”), and in March 2020, Mrs. Branzburg replaced Michael Bessel as Chief Compliance Officer (“CCO”) of the company.
- In July 2019, Broadshore announced that Bryan W. Meyer had joined the company as Managing Director to lead its multifamily investment activities.
- In June 2019, Broadshore announced that Elaine Philis had joined the company as Director of Capital Raising.
- In January 2020, Broadshore announced that it had added a three person team led by Donald Sheets who will serve as Managing Director of a newly formed Special Situations Debt Group.

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## ITEM 4 – ADVISORY BUSINESS

Broadshore Capital Partners, LLC (“Broadshore”) is a limited liability company organized in the state of Delaware. Broadshore is a real estate investment management firm. The investment management business currently operated by Broadshore started in 1989 by Lowe Enterprises, Inc. (“Lowe”). In 1991, Lowe formed Lowe Enterprises Investment Management, Inc. (“LEIM Inc.”), which was registered with the SEC as an investment advisor that same year. In 2003, Lowe Enterprises Investment Management, LLC succeeded to the business of LEIM Inc. and registered with the SEC as a successor registrant. In February 2019, as part of a restructuring and re-branding endeavor, Lowe Enterprises Investment Management, LLC became Broadshore.

Our principal owner is Guardian Broadshore, LLC, which is an indirect subsidiary of The Guardian Life Insurance Company of America (“Guardian Life”). Guardian Life is a mutual insurance company and is owned by its policy holders. Broadshore’s management team also maintains close to a ten percent ownership in the company.

Our business is limited to providing investment management and supervisory services to separately managed accounts, joint venture partners and other clients (each a “Client” and collectively the “Clients”) regarding all aspects of real estate related investments including the acquisition, financing, management and disposition of direct ownership of real estate, interests in limited partnerships and limited liability companies that own real estate and Real Estate Debt (as discussed and defined below). Our services include (1) real estate investment review, analysis and recommendation; (2) real estate asset management including (a) management of property acquisition and disposition, (b) review, analysis and recommendation of equity co-investment and debt financing, including recapitalization and restructuring advice, (c) selection and management of appraisal, audit, legal and tax advice in respect of Clients’ investments and (d) review, analysis and approval of capital improvements, major tenant selection, asset repositioning and disposition; and (3) supervision of property management services, real estate leasing services, and real estate brokerage services provided by unrelated persons.

In addition, we provide advice to Clients regarding the acquisition and/or origination of senior and junior mortgage notes, including “mezzanine” debt, loan portfolios and other debt investments secured by real estate or by entities that own or control real estate, together with “preferred equity” investments in privately-placed partnerships or limited liability companies that hold operating real estate assets or real estate assets upon which improvements are planned to be constructed (collectively referred to as “Real Estate Debt” in this brochure).

We do not provide advice with respect to any type of publicly traded securities.

We provide our investment management services only to Clients who have elected, individually or through other advisers, to allocate a portion of their overall investment portfolio to real estate related investments. Clients may impose restrictions on investing in certain types of real estate related investments. These restrictions may be based on geography, use type, price and other factors meeting the Client’s specific investment and risk parameters. These restrictions are agreed to at the time of entering into or renewing the investment management agreement, or at other times if the agreement provides for more frequent changes. Some Clients retain full discretion

over the selection of real estate related investments. In that case, we make recommendations based on the investment parameters that the Client communicates to us from time to time, with the Client retaining the ultimate decision of whether the investment is made or disposed of.

We do not participate in wrap fee programs.

As of December 31, 2019, we manage the following amount of Client assets:

Discretionary basis:	\$0
Non-discretionary basis:	\$1,501,667,016

## ITEM 5 – FEES AND COMPENSATION

For real estate advisory services encompassing acquisition, management and disposition of real estate and real estate-related assets, we may charge an acquisition fee, asset management fee, loan administration or servicing fee, property management fee and/or construction management fee computed as a percentage of income, revenue, appraised value, total investment dollars committed, outstanding principal balance of debt investments, percentage of construction costs or total cost basis of the assets acquired or managed. We may also receive incentive fees or a profits-only interest in certain investment-related partnerships determined with respect to the appreciation of the underlying real estate related investment. We may also charge a disposition fee relating to the sale or other disposition of a real estate related investment.

We do not have a standard fee schedule, and all fees are negotiable. All fees are negotiated separately with Clients and depend upon the services to be provided to the Client. When we act as a sponsor of and/or adviser to an investment-related partnership, our fees are contained in the pertinent partnership or limited liability company documents and/or offering materials or other operating documents. In some instances, we negotiate the fees we will charge investment-related partnerships or limited liability companies with the prospective investors in these entities.

Generally, we deduct fees from Clients' assets, although in negotiating our fees with Clients, Clients may select whether to allow us to deduct fees from their assets or to be billed for fees incurred. Asset management fees are payable monthly or quarterly in arrears. Incentive fees are payable in arrears in accordance with schedules negotiated with Clients or pursuant to the terms of the investment management agreement, limited liability company agreements or partnership agreements for the particular Client. All other compensation is payable upon receipt of the services rendered.

As a Client, all fees that you will pay to us will be described in our investment management agreement or other operative documents that we have negotiated with you. These may include administrative fees and travel and due diligence costs, as outlined within the respective operating documents. However, you may pay other types of fees or expenses to third parties in connection with our investment management services. We may deduct these fees and expenses from your account. These may include the following:

- Real estate brokerage fees and commissions
- Loan fees and commissions

- Bank and custodial fees
- Escrow fees
- Legal fees
- Loan servicing fees
- Tax preparation fees

All Clients may incur real estate brokerage fees or commissions when real estate related investments are sold or otherwise disposed of from their accounts, or loan fees or commissions when financing is obtained that is secured by their real estate related investments. For a further discussion of Broadshore's brokerage practices, please refer to "Item 12 – Item 12 – Brokerage Practices."

None of our fees must be paid in advance.

None of our employees or any other supervised persons accept or receive direct compensation for the sale of securities or other investment products.

The real estate related investments that we recommend may or may not be marketed publicly by sellers and their agents. Clients have the option to acquire the real estate related investments that we recommend through persons not affiliated with us, although we would not perform any services or earn any fees in respect of the investment in that case.

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

We generally accept performance-based fees from Client accounts. Performance-based fees are fees based on a share of excess capital return over one or more investment return hurdles of the assets of the Client and are also known as "incentive fees" or "promotes." These may also take the form of a profits-only interest in a Client that is a partnership or limited liability company.

Because all fees are negotiated separately with each Client (See "Item 5 – Item 5 – Fees and Compensation"), we manage accounts for Clients who may have agreed to pay us different kinds and/or rates of fees, including performance-based fees, asset management fees, loan administration fees and other fees on different bases. This may create a conflict of interest because we may have an incentive to favor accounts for which we receive greater fees by recommending real estate related investments to Clients who pay us higher fees over Clients who pay us lower fees. We address this conflict through the application of a rotation system, established through our Allocation of Investment Opportunities Policy. Opportunities that satisfy the investment criteria of more than one Client are allocated among our Clients on a sequential basis subject to their required investment parameters, unless a Client has a preexisting priority right of allocation to the particular asset type or asset class in question. Once an asset is allocated to a Client, the Client's name is placed at the end of the rotation list. The record of assets allocated through the rotation system is available annually to all Clients upon request.

Neither we nor our related persons are prohibited from engaging, directly or indirectly, in any other business or from possessing interests in any other business venture or ventures, including

businesses and ventures involved in the acquisition, development, ownership, management, leasing or sale of real estate assets. Guardian Life, our Clients, and all of their respective affiliates, own interests in and manage many other real estate related investments that may have one or more investment objectives similar to the investment objectives of other Clients and prospective clients. We believe that our Allocation of Investment Opportunities Policy materially reduces the risk of a Client acquiring real estate related investments that compete with those of other Clients, or those of related persons including Guardian Life and their respective affiliates. Furthermore, Broadshore has policies in place to ensure that all Clients are treated fairly and equitably regardless of their performance-based fee structure.

## ITEM 7 – TYPES OF CLIENTS

We generally provide investment advice to institutional Clients only, including government entities, pension plans, corporations and insurance companies. We have sponsored and provided investment advice to real estate investment-related partnerships whose investors include institutional investors and high-net worth individuals.

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

### METHODS OF ANALYSIS

Our methods of analysis of real estate related investments cover all aspects of project feasibility, financial structure and market analysis at the tenant/customer level and at the investment market level. Special emphasis is given to the investment's anticipated holding period and an evaluation of the investment's risks and its projected returns.

Investment analysis is conducted by our internal staff, and by the staff of affiliates who receive information about real estate related investment opportunities. The information on which analyses are based is obtained from (1) real estate brokers and sellers of the real estate related investment opportunities, and is verified through on-site investigations by our staff and at least one member of our Investment Committee or a member of the Client's portfolio management team, (2) industry sources, (3) government reports, and (4) certain third-party consultants and/or service providers who assist with due diligence efforts. Our analysis of a given real estate related investment opportunity includes a comprehensive due diligence asset review, the preparation of a formal investment recommendation, and approval by our Investment Committee.

### INVESTMENT STRATEGIES

We generally pursue a "value added" strategy for real estate related investments consisting of improved properties, and both a moderate risk and an opportunistic risk strategy for Real Estate Debt (see "Item 4 – Advisory Business"). We seek opportunities in all types of real estate, although we focus primarily on investments in commercial office, industrial, retail and multifamily residential real estate and in hospitality-oriented real estate, with the preferred transaction size exceeding \$15 million for real estate equity and \$10 million for Real Estate Debt.

### IMPROVED REAL ESTATE

Our value-added strategy for improved real estate related investments is a moderate risk strategy. Through the value-added strategy, we select opportunities to improve the value of acquired assets through revenue growth strategies, reducing expenses, enhancing operational efficiencies, and making capital improvements. For example, with commercial office, industrial and multifamily residential real estate assets, we may seek revenue growth through the replacement of below-market tenancies, refurbishing public areas or retrofitting operating systems. For hospitality properties, revenue growth may be enhanced by generating higher revenues per available room through cost reductions, operational restructuring, market repositioning, and capital programs to enhance the asset's attractiveness to its customer base. Most real estate related investments are expected to be held over intermediate terms of approximately 3 to 6 years. We may also selectively pursue a "core" strategy that seeks opportunities providing current income and low-to-modest gains through appreciation. All real estate related investments involve risk of loss that Clients should be prepared to bear. Please see "Risks for All Types of Real Estate Related Investments" below for a further discussion of some of these risks.

### REAL ESTATE DEBT

We generally pursue two investment strategies for Real Estate Debt. The first is an opportunistic strategy that focuses primarily on acquiring Real Estate Debt at a discount to par that is secured by income-producing commercial real estate. Real Estate Debt acquired through this strategy is usually acquired at discounts to its face value with the intention to facilitate a profitable exit via payoff or restructure. It may be necessary, however, to exercise the debt holder's remedies against the defaulted issuer, which may culminate in ultimately acquiring ownership or control of the underlying real estate asset. The second investment strategy is a more moderate risk strategy that focuses primarily on originating or acquiring newly or recently-issued junior or senior Real Estate Debt from owners of real estate projects that are well-designed and located in strong markets. Real Estate Debt acquired through this strategy is intended to be held to maturity, generally providing some current income and, in the case of junior debt, a possible share of the appreciation of the underlying real estate.

A significant risk related to all Real Estate Debt is the lack of meaningful control over the underlying real estate asset. If the holder of Real Estate Debt inappropriately exercises control over the management and policies of the debtor, the Real Estate Debt may become subordinated or disallowed in a bankruptcy, and under some circumstances, the holder of the Real Estate Debt could be liable to the debtor or the debtor's other creditors for its actions in acquiring and exercising control of the underlying real estate asset. Furthermore, under certain circumstances, payments made to holders of the Real Estate Debt may be reclaimed if the payments are later determined to have been a fraudulent conveyance or a preferential payment under concepts of applicable bankruptcy laws or state insolvency laws. All real estate related investments, including Real Estate Debt, involve risk of loss that Clients should be prepared to bear. Please see "Risks for All Types of Real Estate Related Investments" below for a further discussion of some of these risks.

### NON-DISCRETIONARY CLIENTS MAY TAILOR INVESTMENT STRATEGIES

Our Clients have not granted us full discretion to make real estate related investments on their behalf, and as such, retain the power to modify the investment strategies we employ in making



our recommendations. This is most often accomplished by establishing specific guidelines for acceptable property types, geographic regions, amounts of debt financing, minimum occupancy levels and the relationship of the asset value to its replacement cost.

## RISKS FOR ALL TYPES OF REAL ESTATE RELATED INVESTMENTS

All real estate related investments are subject to a variety of common risks. These include, amongst other risks, the general economic climate, local real estate conditions, geographic or market concentration, competition from other properties, the ability to control the individuals who manage the properties in question, government regulations, and fluctuations in interest rates. In addition, real estate related investments incur the burdens of ownership of real property generally, which include the paying of operating expenses and property taxes, and maintaining the property and its improvements.

### ILLIQUIDITY

Real estate related investments tend to be highly illiquid which creates a risk that a Client may not be able to dispose of an investment in sufficient time to realize cash proceeds that may be needed for other purposes. Illiquidity may result from the absence of an established market for the investments, as well as legal or contractual impediments such as the imposition of prepayment restrictions or penalties through asset-level debt financing.

### USE OF DEBT FINANCING

Some real estate related investments may utilize a leveraged capital structure, in which case a third party would be entitled to cash flow generated by the investments prior to the Client's receiving a return. Fluctuations in interest rates may adversely affect the ability to successfully acquire investments and may also adversely affect the performance of a Client's investments. Use of borrowed funds to leverage acquisitions involves a high degree of financial risk and can exaggerate the effect of any increase or decrease in value of an investment and will increase the exposure of the investments to adverse economic factors, such as fluctuations in interest rates, downturns in the local economies in which the investments are located or the deterioration in the physical condition of the investments.

### UNINSURED AND UNINSURABLE LOSSES

Prior to acquiring a real estate related investment, we require that commercial general liability, fire, and extended coverage insurance for the property be obtained in amounts customarily obtained for similar properties in the same general area. Some losses, however, may be either uninsurable or not economically insurable. Should an uninsured loss occur, the Client could lose its investment in a property as well as its anticipated income from that property. In addition, there are certain types of losses, generally of a catastrophic nature, resulting from, for example, earthquakes, floods, hurricanes, nuclear contamination and terrorist acts, that may be uninsurable or not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the property pledged as collateral for loans, and other factors also might make it economically impractical to use insurance proceeds to replace improvements on a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds received, if any, might not be adequate to restore the investment with respect to the affected property.

## ENVIRONMENTAL HAZARDS

Claims based on environmental problems associated with real estate related investments may create a risk of loss to a Client. Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real estate may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in the property. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of the hazardous or toxic substances. In addition, the presence of hazardous or toxic substances, or the failure to remediate the property properly, may adversely affect the owner's ability to borrow using the property as collateral. Persons who arrange for the disposal or treatment of hazardous or toxic substances also may be liable for the costs of removal or remediation of these substances at the disposal or treatment facility, whether or not the facility is or ever was owned or operated by the person who made these arrangements. Certain environmental laws and common law principles may be used to impose liability for the release of asbestos-containing materials ("ACMs") into the air and third parties may seek recovery from owners or operators of real properties for personal injuries associated with exposure to released ACMs. Thus, a Client who acquires a real estate related investment may be potentially liable for these costs if this sort of liability were to arise in connection with the ownership of its assets.

## TERRORISM

Through our investment strategies, we tend to select real estate related investments located in or near major metropolitan areas of the United States. Real estate in these areas could be subject to future acts of terrorism. Future terrorist attacks and the anticipation of any such attacks could have an adverse impact on the U.S. financial and insurance markets and economy. These adverse impacts may directly adversely impact a Client's real estate related investment, through, for example, a decline in leasing demand, the increased cost of security and other measures to protect structures and occupants, governmental restrictions on travel, cancellation of hotel meetings and room reservations, a decline in hotel revenues from restaurant and catering activities, and the reduction in the availability of insurance at reasonable rates or at all. It is not possible to predict the severity of the effect that such future events would have on the U.S. financial and insurance markets and economy or a Client's real estate related investment.

## GOVERNMENTAL REGULATION

Laws and regulations can significantly affect the ability to develop, finance or improve real estate related investments. They can also affect operating costs for real estate related investments. These may include growth moratoriums, laws intended to reduce environmental impact of property operations, requiring retrofitting or replacement of major systems and components to reduce energy consumption, restrictions on physical expansion and limitations on customer or tenant traffic and parking. Laws such as the Americans with Disabilities Act of 1990 require public accommodations to meet certain federal requirements related to access and use by disabled persons. Many hotel investments may be affected by this law and its regulations requiring modifications to public and employee areas, and guest rooms. In addition, changes in building or zoning codes and ordinances at the state and local level can further increase these operating costs. Broadshore may be required to incur significant costs to comply with any future changes in such laws or regulations. Furthermore, noncompliance with the existing or future laws and regulations to which the Clients' properties are subject could result in substantial capital expenditures to bring

the properties into compliance, as well as the imposition of fines or an award of damages to private litigants, which might adversely affect the Clients.

#### CYBERSECURITY THREATS

Broadshore may face cybersecurity threats to gain unauthorized access to sensitive information, including, without limitation, information regarding the Clients' investment activities, or to render data or systems unusable, which could result in significant losses. If such events were to materialize, they could lead to losses of sensitive information or capabilities essential to Clients and/or a real estate related investment's operations and could have a material adverse effect on their reputations, financial positions, results of operations, or cash flows, and also could lead to financial losses from remedial actions, loss of business, or potential liability, or could lead to the disclosure of Clients' personal information. Cybersecurity attacks are evolving and include, but are not limited to (i) malicious software, (ii) attempts to gain unauthorized access to data, (iii) other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data, and (iv) phishing emails to collect sensitive information or impersonate authorized persons of Broadshore with the intention to defraud and gain unauthorized access to funds. The Clients' or a real estate related investment's controls and procedures, business continuity systems, and data security systems could prove to be inadequate. These problems may arise in both the Clients' or a real estate related investment's internally developed systems and the systems of third-party service providers. As further detailed in "Item 10 – Other Financial Industry Activities and Affiliations," Guardian Life provides a number of shared services to Broadshore, including information technology infrastructure and management. These systems may face the same cybersecurity threats as noted above.

#### EPIDEMIC OR PANDEMIC OUTBREAK

An epidemic or pandemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, including Broadshore's business and the Clients' real estate related investments, and may adversely affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive absences. Broadshore has policies and procedures to address known situations, but because a large epidemic or pandemic outbreak may create significant market and business uncertainties and disruptions, not all events that could affect Broadshore's business and/or the markets can be determined and addressed in advance.

### ITEM 9 – DISCIPLINARY INFORMATION

Broadshore has no legal or disciplinary events to disclose under this section.

### ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Guardian Life provides certain centralized services to us pursuant to a shared services arrangement. These services include information technology infrastructure and management, human resources and benefits administration, insurance relationship management, legal services

and compliance services. None of these costs are borne by Clients, but the availability of these services is material to the operation of our business. It would be difficult for us to continue our business or perform investment management services in the absence of these relationships. Nevertheless, we believe that the terms and conditions of our shared services arrangement with Guardian Life are sufficient for the continued operation of our business as presently conducted. Guardian Life also co-invests alongside Broadshore in certain joint-venture investments, including for the purpose of providing capital for GP co-investments. Furthermore, certain officers of Guardian Life serve as Directors on Broadshore's Board of Directors.

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

Our Code of Ethics requires, among other things, adherence by us and our supervised persons to standards of business conduct, fiduciary duties, compliance with Federal securities laws (including insider trading prohibitions), and reporting violations of the Code of Ethics. It also sets standards of care and responsibility, proscribes means of avoiding conflicts of interest and requires furnishing reports in appropriate circumstances and in accordance with the Investment Advisers Act of 1940, as amended (the "Advisers Act"). A copy of our Code of Ethics will be provided to any Client or prospective client upon request.

For the administrative convenience, and at the request of Clients, we may act as the general partner or managing member of a limited partnership or limited liability company in which the Client is the sole limited partner or other member. These entities are formed to invest directly or indirectly in real estate related investments for the benefit of the Client. Our compensation from our relationship with these entities is generally no different from the compensation we would have received if we had entered into an investment management relationship directly with the Client. No Clients, other than the Client for whose benefit the entity was formed, are solicited to invest in such entity.

## ITEM 12 – BROKERAGE PRACTICES

Broadshore generally does not make recommendations for investments by the Clients in public securities, as most investments are in privately negotiated real estate-related transactions. As such, Broadshore neither recommends broker-dealers to Clients nor receives referrals from a broker-dealer or third-party. Furthermore, Broadshore does not engage in directed brokerage.

We do not receive soft dollar benefits.

We do not aggregate the purchase or sale of real estate related investments for various Client accounts. Real estate related investments are generally considered unique and are not generally bought or sold in the real estate market on an aggregated basis from or to different sellers and buyers, unlike most securities which are fungible and may provide savings when purchases or sales are aggregated.

## ITEM 13 – REVIEW OF ACCOUNTS

Clients' accounts are reviewed not less frequently than quarterly. Reviews are conducted through our portfolio review process in which the performance of all Clients' assets is reviewed and evaluated concurrently. Broadshore's Investment Committee also meets on a biweekly basis, or more frequently, as determined to be necessary by the Investment Committee members to, amongst other items, (i) approve the acquisition or disposition of Client assets, (ii) approve certain significant expenditures, (iii) approve the financing and refinancing of Client assets, (iv) approve the pledging of Client or company assets in connection with an acquisition, financing or refinancing of Client assets, or (v) approve the allocation of investment opportunities. Reviews are supervised by the co-Chief Executive Officers or the Chief Financial Officer and are conducted by a Managing Director (or Company Officer). As noted above, reviews may also occur upon the acquisition, sale, financing or significant capital expenditure for a real estate related investment, or upon tenant activity, significant income or expense events, or unforeseen market activity.

Clients receive at least quarterly and annual reports on account activity and operations. Each report is customized to the requirements of the Client and is governed by the investment management agreement with the Client. Clients may request specialized reports upon written request.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Broadshore has engaged placement agents to solicit prospective clients. These arrangements adhere to the requirements set forth in Rule 206(4)-3 of the Advisers Act, and investors will not incur higher fees due to these referral compensation arrangements.

## ITEM 15 – CUSTODY

At such times as we are deemed to have custody of Client funds or securities, Clients will receive account statements from the bank or other qualified custodian. This may take the form of an email notification from the custodian with instructions on accessing information through the custodian's online information system. Clients should carefully review those statements, and are urged to compare the statements they receive from the qualified custodian with those they receive from us.

## ITEM 16 – INVESTMENT DISCRETION

We accept non-discretionary authority to manage Clients' real estate related investments. Clients generally limit this authority by establishing guidelines for acceptable property types, geographic regions, amounts of debt financing, minimum occupancy levels and the relationship of the asset value to its replacement cost.

## ITEM 17 – VOTING CLIENT SECURITIES

We do not acquire securities for Client accounts for which proxies are solicited. Our business is limited to providing investment management and supervisory services to Clients who desire to

acquire real estate related investments. The extent and nature of our power and authority over real estate related investments acquired for Clients is contained in the investment management agreement with the Client, or in the Client's limited partnership agreement or limited liability company agreement. If a Client invests in a real estate related investment over which we do not have the power to control management and the investment management agreement does not specify the terms and conditions under which we may exercise voting control on behalf of the Client, we will seek direction from the Client and act in accordance with its direction. Clients may obtain information from us about how we voted, together with a copy of our voting policies and procedures, at any time upon request.

## ITEM 18 – FINANCIAL INFORMATION

We have no financial condition that is reasonably likely to impair our ability to meet contractual commitments to Clients.

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