

Sullivan Realty Capital, LLC

d/b/a Madison Realty Capital

Form ADV, Parts 2A and 2B

March 29, 2021

Item 1 – Cover Page

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This brochure provides information about the qualifications and business practices of Sullivan Realty Capital, LLC, a Delaware limited liability company doing business in New York as Madison Realty Capital and an investment advisor registered with the United States Securities and Exchange Commission (SEC), and its supervised persons. If you have any questions about the contents of this brochure, please contact Julie Breslin Furda by telephone at (646) 442-4209 or by electronic mail at jbreslin@madisonrealtycapital.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Registration of an investment advisor with the SEC or any state securities authority does not imply any level of skill or training.

Additional information about Sullivan Realty Capital, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This version of our firm brochure and brochure supplement is the 2021 annual updating amendment. This amendment updates assets under management and other information and conforms our disclosures to the written policies and procedures set forth in our code of ethics and our compliance manual. Since the 2020 annual updating amendment, which was filed in March 2020, an additional investment vehicle has been launched.

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Item 4 – Advisory Business

Sullivan Realty Capital, LLC is a real estate fund investment advisory firm with its principal place of business located in New York, New York. Sullivan Realty Capital, LLC conducts its business in New York under the name Madison Realty Capital and is referred to in this brochure as “we,” the “Advisor” or the “firm.”

Our managing members, Joshua Zegen and Brian Shatz, formed the firm in 2008 as a Delaware limited liability company. Messrs. Zegen and Shatz principally own the Advisor.

We provide investment management services on a discretionary basis to five affiliated investment vehicles: Sullivan Debt Fund LP, Madison Realty Capital Debt Fund III LP, Madison Realty Capital Debt Fund IV LP, Madison Realty Capital Debt Fund V LP, and Madison Realty Capital Debt MA I LP (each a “Client”). Madison Realty Capital Debt MA I LP launched in July 2021. Sullivan Debt Fund LP originated and acquired commercial real estate loans in the commercial real estate market. Madison Realty Capital Debt Fund III LP, Madison Realty Capital Debt Fund IV LP, Madison Realty Capital Debt Fund V LP, and Madison Realty Capital Debt MA I LP originate and acquire commercial real estate loans, real estate mezzanine loans (secured by pledges of equity), and preferred equity investments. Bridge loans may include private mortgages secured by commercial real estate throughout the United States. Distressed loan opportunities may include purchasing private distressed notes directly from money-center banks, special servicers of securitized debt, hedge funds, regional savings banks, and community savings banks and thrifts. Madison Realty Capital Debt MA I LP is a fund-of-one structured as a limited partnership.

No Client has offered its interests to the public. Interests in Sullivan Debt Fund LP, Madison Realty Capital Debt Fund III LP, Madison Realty Capital Debt Fund IV LP, and Madison Realty Capital Debt MA I LP are no longer being offered. Interests in Madison Realty Capital Debt Fund V LP are offered only in private placements to investors who are qualified purchasers and who meet certain other criteria. The detailed terms applicable to investors in a Client are detailed in the Client’s confidential offering memorandum or its limited partnership agreement, or both. Currently, the Clients are our only investment advisory clients. The Advisor may in its discretion manage other funds or investment vehicles from time to time.

We provide investment advice directly to each Client pursuant to discretionary investment management agreements, subject to the direction and control of the general partner of the Client, which is affiliated with the Advisor. Any restrictions on the types of investments that we make for a Client are established by its general partner and are set forth in the Client’s confidential offering memorandum or its limited partnership agreement, or both. Once an investor has invested in a Client, the investor is not permitted to impose restrictions on the types of investments in which the Client may invest.

We do not participate in wrap fee programs.

As of December 31, 2020, we had approximately \$3,149,700,000 in assets under management, all of which are managed on a fully discretionary basis.

Item 8 of this firm brochure contains a more detailed discussion of our investment strategies.

Item 5 – Fees and Compensation

Management Fees

Pursuant to its investment management agreement, each Client pays us management fees based on either capital commitments or invested capital, depending on the Client's investment stage and its governing documents. In some cases, we may, in our sole and absolute discretion, waive, reduce, or delay payment of management fees related to any fiscal quarter. Our affiliates that invest in a Client generally do not pay any management fees.

We generally deduct management fees and expenses directly from Client assets and, accordingly, from the capital accounts of the Client's investors. The details of how the management fee is calculated may be found in a Client's confidential offering memorandum or its limited partnership agreement, or both, in each case as provided to investors.

If the general partner of a Client is removed as general partner without cause pursuant to the terms of the Client's limited partnership agreement, the investment advisory agreement will terminate. If the effective date of the termination of the investment advisory agreement or the Client's dissolution is not the last day of a calendar quarter, the management fee for the quarterly period during which termination or dissolution occurs will be prorated based on the number of days during the quarterly period that the investment advisory agreement was in effect or the Client was not dissolved, and we will return to investors in the Client any excess of the amount of the management fee that was previously received with respect to the quarterly period over the prorated amount.

Transaction Fees

For Sullivan Debt Fund LP, the Advisor may receive origination and acquisition fees in connection with Client transactions. In situations in which the Advisor receives these transaction fees, the Advisor's compensation may be subject to a setoff. In Madison Realty Capital Debt Fund III LP, Madison Realty Capital Debt Fund IV LP, Madison Realty Capital Debt Fund V LP, and Madison Realty Capital Debt MA I LP, origination and acquisitions fees are paid to the Client, and therefore no offset to the management fee is necessary.

Expenses

We are responsible for the following ordinary day-to-day expenses incidental to administration of each Client: the rent and general office overhead of the Advisor and the general partner of the Client, including clerical, office supplies, office equipment, and other like expenses, including salaries and bonuses of all employees engaged in the Advisor's business.

Except as provided in the next paragraph, in addition to management fees and carried interest, if any, each Client will bear, to the extent not reimbursed by a portfolio company, all of its costs and operating expenses, including without limitation legal, auditing, consulting, financing, administration, accounting, and custodial fees and expenses, expenses associated with Client financial statements, tax returns, and Schedule K-1s, out-of-pocket expenses incurred in connection with transactions (whether or not consummated), expenses of the advisory board and annual meetings of the investors, insurance, other expenses associated with the acquisition, holding, and disposition of Client investments, including extraordinary expenses such as litigation,

if any, and any taxes, fees, or other governmental charges levied against the Client. Each Client will bear all other costs and expenses of its activities, including but not limited to: all expenses of the Client relating to investigating, acquiring, monitoring, operating, managing, constructing, rehabilitating, zoning, marketing and marketing events, advertising, public relations, financing, and disposing of investments (including dead-deal and pursuit costs and expenses, travel, and other out-of-pocket expenses, regardless of whether or not the potential investment is acquired or the investment is disposed of); taxes; fees and expenses for or relating to attorneys, accountants, fund administrators, and custodians; expenses associated with auditing and maintaining the books and records of the Client, accounting, due diligence, legal advice, research, reporting, and technology; expenses of loan servicers and other service providers; expenses of the investor advisory committee of the Client; insurance, interest, and other expenses incurred in connection with Client borrowings and guarantees; the costs and expenses of any litigation involving the Client or any investment; the amount of any judgments or settlements paid in connection with litigation; indemnification costs and expenses; and other expenses as set forth in the Client's confidential offering memorandum or its limited partnership agreement, or both. Each Client will also bear all insurance premiums, finance charges, any fees and costs of brokers, agents, attorneys, and advisors, and third-party charges for risk-management services or similar expenses incurred by the Client or its general partner or the Advisor in connection with the activities and management of the Client (including but not limited to fidelity and directors' and officers' insurance). Although we do not generally utilize the services of broker-dealers for transaction-related services, if we choose to use a broker-dealer for limited purposes for a Client, the Client will incur brokerage and other transaction costs. In addition, each Client will bear the fees and disbursements of attorneys, consultants, engineers, accountants, tax advisors, bookkeepers, administrators, custodians, depositories, third-party appraisers (to the extent that third-party appraisal services are contemplated in the limited partnership agreement of the Client), third-party loan servicers, third-party providers of origination services, third-party fund administrators, third-party asset managers, third-party asset underwriters, and other third-party service providers (including legal fees in connection with any legal opinions required to be delivered by or on behalf of the Client), other costs of valuation, third-party due diligence, software for research, deal sourcing, financial monitoring and underwriting, technology for investment management services, and third-party research services. Each Client will bear a portion of the cost of conferences, travel, and related expenses for deal sourcing during its investment period and costs relating to technology servicing platforms and their related implementation.

Each Client will reimburse its general partner, up to a predetermined maximum amount, for its organizational and startup expenses, including but not limited to legal, travel, accounting, filing, and capital-raising expenses. The general partner of a Client and the Advisor will bear the cost (through an offset against the management fee or otherwise) of all organizational expenses in excess of the predetermined maximum amount, if any, and of any placement fees payable to any placement agent in connection with the formation of the Client.

A Client who holds a separately managed account will bear fees and expenses as set forth in the investment management agreement relating to the account.

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

The general partner of each Client, which is affiliated with the Advisor, accepts performance-based compensation in the form of carried-interest distributions of a percentage of the Client's profits. Performance-based compensation may create an incentive for us to make more speculative investments on behalf of a Client than the Client would otherwise make in the absence of a carried interest. Although our affiliates are often investing their own capital in a Client along with the other investors, the interests of our affiliates may under some circumstances differ from those of the Client or its other investors, or both. These conflicting interests may affect our decisions and recommendations in purchasing, holding, and disposing of the Client's investments. To mitigate these risks, the carried-interest distributions are subject to the terms and conditions set forth in the Client's confidential offering memorandum or its limited partnership agreement, or both including with respect to preferred returns, waterfalls, and clawback provisions.

The Clients are our only investment advisory clients. Should we serve additional clients in the future, we will exercise due care and will implement additional policies and procedures as necessary and appropriate to ensure over time the fair and equitable treatment of all investment advisory clients.

Item 7 – Types of Clients

As described in Item 4 of this firm brochure, the Advisor generally provides investment advice to the Clients. Our services to a Client are subject to the direction and control of the general partner of the Client, our affiliate. Investors in a Client may include both domestic and international pension funds, endowments, foundations, funds of funds, and high net worth families and individuals. Investors in a Client generally are required to qualify as accredited investors within the meaning of rule 501 of Regulation D under the Securities Act of 1933, as qualified purchasers within the meaning of section 2(a)(51) of the Investment Company Act of 1940, and as qualified clients within the meaning of rule 205-3 under the Investment Advisers Act of 1940. In addition, investors in a Client are required to meet other eligibility criteria established by its general partner.

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

Methods of Analysis and Investment Strategies

In determining potential investments, we generally consider macroeconomic trends, local real estate market information, discussions with local owners and operators, and other relevant due-diligence items. Once an opportunity has been determined to fall within the investment criteria of a client, a term sheet will be issued. Upon execution of a term sheet, we begin a formal due-diligence process.

As part of our property due-diligence process, our underwriting team will prepare a thorough investment memorandum that compiles property-level data at the sector level, as well as at the local geographic sub-market level, principal and sponsor profiles, market research, detailed financial analysis, post-investment management and disposition plans, and other pertinent information relevant to specific transactions. Local operators, owners, brokers, and lenders will be contacted to obtain detailed local market data as well as important anecdotal information about a specific considered investment. Our servicing staff may engage third parties to produce a variety

of due-diligence reports, including but not limited to appraisals, credit and background checks on borrowers, property-condition reports, and environmental and engineering reports.

In conjunction with property due diligence, we conduct legal due diligence, which generally involves but is not limited to conducting a full title and lien search on the property being analyzed, understanding any pending actions with respect to nonperforming loans, obtaining a mortgage proposal, obtaining quotations for insuring the property for casualty and liability risk, and endorsing insurance policies to the Client. After a detailed analysis of this material, a final decision is made on how to proceed with the proposed transaction.

There can be no assurance that the objectives associated with any strategies described above will be met. At any time, we may add, remove, or modify any of the strategies that we employ. Investments made by a Client involve risk of loss that its investors should be prepared to bear. A more detailed description of our method of analysis and a Client's investment strategy is set forth in the Client's confidential offering memorandum, if any.

Material Risks of Significant Investment Strategies and Securities

The investment strategies described above involve a substantial degree of risk, and a Client may lose all or a substantial portion of the value of its investments. No guarantee or representation is made that the strategies will be successful or a targeted return and risk will be achieved or maintained.

The ultimate performance and value of a Client's investments are subject to varying degrees of risk generally correlated to the ownership and operation of the properties that collateralize or support its investments. The ultimate performance and value of a Client's loans and other investments depend upon, in large part, the ability of the property owner to operate the property so that it produces sufficient cash flows to pay the interest and principal due to the Client on its loan. Our return from these investments may be adversely affected by a number of factors, including but not limited to:

We may need to conduct our investment analysis on an expedited basis to take advantage of investment opportunities. In such cases, the information available to us at the time of making an investment decision may be limited, and we may not have complete information regarding the investment conditions affecting an investment. Therefore, no assurance can be given that we will have knowledge of all circumstances that may adversely affect the investment.

A Client may become the owner of commercial real estate assets as the resolution of a defaulted debt investment. To the extent that the Client becomes the owner of commercial real estate assets engaged in real estate development, the Client will be subject to the risks normally associated with these activities.

The commercial mortgage loans that a Client may acquire are subject to delinquency, foreclosure, and loss, which could result in losses to the Client.

A Client may make investments in nonperforming or other troubled assets that involve a high degree of financial risk. There can be no assurance that a Client's investment objectives will be realized or that there will be any return of capital to its investors. Furthermore, investments

in properties that are foreclosed upon or under bankruptcy protection laws may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of the Client's original investment.

Lawsuits may cause a Client to incur significant legal expenses and may divert management's time and attention from the day-to-day operations of the Client.

The enforceability of some remedies in debt investments may be limited.

A Client may have limited cure rights pursuant to applicable intercreditor agreements.

Loans made by a Client may be subject to usury laws.

There are increased risks involved with construction lending activities.

There may be other factors that are beyond a Client's control or the control of the property owners, or both.

If any of the properties underlying an investment experiences any of the foregoing events or occurrences, the value of, and return on, the investment is likely to be negatively impacted. A more detailed discussion of these material risks is set forth in a Client's confidential offering memorandum, if any.

The Clients may invest in both performing and nonperforming commercial real estate mortgages. There are risks specifically associated with these types of assets, such as: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property-market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity capital markets; the ongoing need for capital improvements, particularly in older building structures; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies, civil unrest, acts of God (including earthquakes, hurricanes, and other natural disasters), and acts of war or terrorism, which may decrease the availability of or increase the cost of insurance or result in uninsured losses; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws; the impact of environmental claims arising in respect of properties with undisclosed or unknown environmental problems or as to which inadequate reserves had been established; the fact that real estate investments tend to be relatively illiquid and that some are highly illiquid; the fact that the collateral securing a debt investment may decline in value; the fact that a Client's borrowings may be cross-collateralized, which increases the risks associated with a single underperforming property; the fact that increases in interest rates may increase the amount of any future debt payments and reduce a Client's income and its ability to make distributions; and exposure to lender-liability risks, including equitable subordination.

A Client may become involved in bankruptcy cases. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions that are contrary to the interests of a Client.

A public-health crisis, such as the outbreak of the COVID-19 global pandemic, can have unpredictable and adverse impacts on global, national, and local economies, which can in turn negatively impact a Client and its investment performance. Disruptions to commercial activity (such as the imposition of quarantines and travel restrictions) or, more generally, a failure to contain or effectively manage a public-health crisis may result in declines in real estate values and may increase financial stress on borrowers or tenants, which in turn may adversely impact the performance of a Client's real estate investments. Lenders or servicers in the United States may also be compelled by governmental authorities to offer loan repayment deferrals to borrowers during the course of a public-health crisis, which in turn may impact available cash flows or the value of a Client's real estate investments generally. The ability of the personnel of the Advisor to effectively identify, originate, monitor, operate, and dispose of investments may also be negatively impacted due to direct or indirect disruptions to the business operations of the Advisor.

Further, the outbreak of COVID-19 has contributed to, and may continue to contribute to, extreme volatility in financial markets. This volatility could adversely affect a Client's ability to finance, consummate, or dispose of investments and could lead to a significant rise in counterparty default risk, all of which could have a material and adverse impact on a Client's performance. The impact of a public-health crisis such as COVID-19 (or any future pandemic, epidemic, or outbreak of a contagious disease) is difficult to predict and presents material uncertainty and risk with respect to a Client's performance.

This discussion of risk factors does not purport to be a complete enumeration or explanation of the risks involved in the types of investments that we make. A more detailed discussion of these material risks is set forth in a Client's confidential offering memorandum, if any. Investors should read this entire firm brochure and brochure supplement and any accompanying materials provided by us and consult with their own advisors before deciding whether to invest. In addition, as a Client develops and changes over time, an investment may be subject to additional and different risk factors.

Item 9 – Disciplinary Information

Not applicable.

Item 10 – Other Financial Industry Activities and Affiliations

Material Financial Industry Affiliations of the Firm

Our affiliate, Sullivan Debt Fund GP, LLC, serves as the general partner of Sullivan Debt Fund LP. Our affiliate, Madison Realty Capital Debt Fund III GP LLC, serves as the general partner of Madison Realty Capital Debt Fund III LP. Our affiliate, Madison Realty Capital Debt Fund IV GP LLC, serves as the general partner of Madison Realty Capital Debt Fund IV LP. Our affiliate, Madison Realty Capital Debt Fund V GP LLC, serves as the general partner of Madison Realty Capital Debt Fund V LP. Our affiliate, Madison Realty Capital Debt MA I GP LLC, serves as the general partner of Madison Realty Capital Debt MA I LP. Our affiliate, Silverstone Property Group, LLC, serves as a property manager for real estate properties, which may include properties in which the Clients invest.

Conflicts of Interest

In the ordinary course of conducting our activities, the interests of our Clients or their investors may conflict with our interests and those of our affiliates. In addition, conflicts of interest may arise regarding the allocation of investment opportunities if we are investing for more than one Client.

Subject to the terms of each Client's confidential offering memorandum or its limited partnership agreement, or both, the general partner of the Client may give some investors in the Client an opportunity to co-invest in particular Client investments alongside the Client, on such terms as the general partner believes to be fair and reasonable to the Client but that are no more favorable to these investors than to the Client. The general partner of a Client may receive (and retain without reducing any management fees payable by a Client) fees and carried interests with respect to any such co-investment, but these fees and carried interests may be no more favorable to the general partner and its affiliates than those received by them from the Client.

We expect our management team to be actively involved in acquiring, managing, and disposing of assets of our Clients and in providing other services to our Clients pursuant to our investment management agreements. Some members of our management team may have conflicts in allocating their time and services among the Clients and other ventures. While we expect that members of our management team will devote as much time to the Clients as is required under the Clients' governing documents, some members of management may devote a substantial amount of time to matters other than those of our Clients.

If, during a Client's investment period, either Joshua Zegen or Brian Shatz fails to comply with their respective time commitments set forth in the Client's limited partnership agreement, the general partner of the Client will promptly give written notice to each investor in the Client. Following such an event, the Client's investment period will be automatically suspended, subject to reinstatement, in accordance with the Client's limited partnership agreement.

Performance-based compensation may create an incentive for us to make more speculative investments on behalf of a Client than the Client would otherwise make in the absence of a carried interest. Although our affiliates are often investing their own capital in a Client along with the other investors, the interests of our affiliates may under some circumstances differ from those of the Client or its other investors, or both. These conflicting interests may affect our decisions and recommendations in purchasing, holding, and disposing of the Client's investments. To mitigate these risks, the carried-interest distributions are subject to the terms and conditions set forth in the Client's confidential offering memorandum or its limited partnership agreement, or both, including with respect to preferred returns, waterfalls, and clawback provisions.

The terms and conditions of our carried-interest distributions are set forth in the Client's confidential offering memorandum or its limited partnership agreement, or both. Furthermore, our management fee is payable with respect to the invested capital of a Client, which will be reduced upon the liquidation of investments. As a result, we have an incentive to avoid liquidation to continue receiving management fees.

In some instances, we may provide additional services to a Client, including property management, leasing, and construction management services. Any fees that we earn in connection with these services will not be shared with the Client. However, when we select an affiliate to provide services to a Client, we will provide annual written notice to the investor advisory committee of the Client, setting forth the terms under which our affiliate will provide the services.

The general partner of a Client may enter into side letters with specific investors in the Client. These letters typically allow for additional rights to the relevant investors.

A more detailed description of applicable conflicts of interest is set forth in a Client's confidential offering memorandum or its limited partnership agreement, or both, in each case as provided to investors.

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

Code of Ethics

We have adopted a written code of ethics that applies to our employees. Our code of ethics is administered by our chief compliance officer or her designees. Employees are given training with respect to our code of ethics when they are hired and periodically thereafter. Investors in the Clients may obtain a copy of our code of ethics by submitting a written request to Julie Breslin Furda by telephone at (646) 442-4209 or by electronic mail at jbreslin@madisonrealtycapital.com.

The following general principles and standards of conduct are established by our code of ethics:

We operate at the highest level of ethical standards in keeping with our fiduciary duties to Clients and in compliance with all applicable laws.

We have a duty to place the interests of Clients first and to avoid conflicts of interest.

Our employees may not accept any benefit from a Client or a person who does business with us, except for normal business entertainment, gifts of nominal value, and gifts related to personal relationships, such as wedding gifts and congratulatory gifts for the birth of children.

Insider trading is prohibited and may expose an employee to stringent penalties.

Our code of ethics deals with a range of topics, including but not limited to the opening of personal securities accounts by covered persons, preapproval requirements for certain personal securities transactions, submission to the firm of information concerning personal securities holdings and transactions, and reporting of violations. Each covered person is required to acknowledge that he or she has received and reviewed, and understands, the code of ethics.

Financial Interest in Client Transactions

In certain instances, we may provide services to the Clients in addition to investment advisory services. As described in Item 5 of this firm brochure, we may also receive transaction fees for

Client investments. These instances may represent a conflict of interest for us. These conflicts, and our procedures for addressing them, are described in detail in Item 10 of this firm brochure.

Participation in Client Transactions and Personal Trading

Our employees are required to follow our code of ethics. The code of ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with our making decisions in the best interests of Clients and our implementing these decisions, while at the same time allowing employees to invest for their own accounts. Under the code of ethics, some types of securities have been designated as exempt, based upon a determination that transactions in them would not materially interfere with the best interests of Clients. In addition, the code of ethics requires preclearance of certain transactions. Trading by some employees is required to be disclosed quarterly under the code of ethics in an effort to prevent conflicts of interest between us and Clients.

Item 12 – Brokerage Practices

Although we do not generally utilize the services of broker-dealers for transaction-related services, if we choose to use a broker-dealer for a Client, we will seek to obtain best execution of Client transactions. We do not aggregate orders for purchases and sales.

Item 13 – Review of Accounts

Review

Client investment positions are monitored by our managing members, Joshua Zegen and Brian Shatz, on a regular basis. Their review includes but is not limited to general portfolio composition, investment opportunities, market conditions, and potential conflicts. We also consider whether investments remain consistent with a Client's governing documents and loan agreements. We may periodically review Client investments on an expedited basis following a material change in the financial industry or markets generally.

Reporting

Investors in each Client typically receive, among other things, audited financial statements of the Client within 120 days after the Client's fiscal year end. The financial statements include a balance sheet, a statement of profit and loss, a statement of cash flows, and a condensed statement of investments. In addition, investors in each Client typically receive written reports containing unaudited summary financial information regarding the Client at least quarterly, including a summary of transaction activity of the Client for the quarter as well as financial information and key operational and asset management activities.

Item 14 – Client Referrals and Other Compensation

We do not directly or indirectly compensate any person for client referrals.

Item 15 – Custody

Client assets are held by unaffiliated qualified custodians as required by the rules under the Investment Advisers Act of 1940. We provide investors in a Client with the Client's annual audited financial statements prepared by an independent public accountant. Investors in each Client also receive the reports described in Item 13 of this firm brochure.

Item 16 – Investment Discretion

We provide investment advice directly to each Client pursuant to a discretionary investment management agreement, subject to the direction and control of the general partner of the Client. Any restrictions on the types of investments that we make for a Client are established by the general partner and are set forth in the Client's confidential offering memorandum or its limited partnership agreement, or both. Once an investor has invested in a Client, the investor is not permitted to impose restrictions on the types of investments in which the Client may invest.

Item 17 – Voting Client Securities

The Clients invest in real estate loans and other real estate-related assets that in most instances do not result in or involve the issuance of proxies relating to voting securities.

To the extent that a Client holds voting securities, we have voting authority and responsibility with respect to those securities. In addition to proxy solicitations in connection with equity securities of traditional operating companies, proxy voting is deemed to include any consent requested in matters such as bankruptcy or insolvency, covenant waivers in connection with debt, approvals regarding the restructuring of debt, and other rights and remedies. Our authority to vote proxies for a Client is established by our investment management agreement with the Client.

We have adopted proxy-voting policies and procedures. Under our proxy-voting policies and procedures, we will generally vote proxies on a case-by-case basis in a manner that serves a Client's best interest. We may abstain from voting specific proxies if we believe that abstinence is in the best interests of a Client.

We follow procedures designed to identify conflicts or potential conflicts that could arise between our own interests and those of the Clients. If we determine that a conflict or potential conflict is not material, we may vote proxies notwithstanding the existence of the conflict. If we determine that a conflict or potential conflict is material, we may engage a third party to recommend a course of action or take other appropriate action. We do not permit Clients to direct how we will vote on specific proxies.

Each investor in a Client may request information about how we voted with respect to the securities of the Client and may obtain a copy of our proxy-voting policies and procedures by contacting Julie Breslin Furda by telephone at (646) 442-4209 or by electronic mail at jbreslin@madisonrealtycapital.com.

Item 18 – Financial Information

Not applicable.

Item 19 – Requirements for State-Registered Advisors

Not applicable.

Brochure Supplement

Educational Background and Business Experience

Brian Shatz

Born 1976

BA, Brandeis University, *cum laude*

Mr. Shatz co-founded Madison Realty Capital in 2008 and serves as a managing member and a member of the investment committee. His responsibilities include risk and portfolio management, raising institutional capital, and fund asset management. Prior to co-founding Madison, he established Bluegrass Growth Fund Partners, LLC, a private investment fund that focused on investing in structured equity and debt investments for United States public companies. Mr. Shatz began his career at BlackRock, where he worked closely with fixed-income portfolio managers and developed institutional client relationships with some of the country's largest pension funds.

Joshua Zegen

Born 1975

BA, Brandeis University

Mr. Zegen co-founded Madison Realty Capital in 2008 and serves as a managing member and a member of the investment committee. He is responsible for deal originations, raising institutional capital, and portfolio management. Prior to founding Madison, he founded and was president of Alpine Commercial Capital, a mortgage advisory firm that successfully closed over \$500 million in real estate financings. Prior to forming Alpine, Mr. Zegen was an investment banker in the financial sponsors and private-equity group at Salomon Smith Barney, where he focused on leveraged buyouts, equity and debt financings, mergers and acquisitions, and private placement transactions. He began his career as an analyst in the debt capital markets division of Merrill Lynch, where he executed both mortgage-backed and asset-backed debt offerings. Mr. Zegen is a co-founder and a board member of The New York Private Equity Network.

Disciplinary Information

Not applicable.

Other Business Activities

Messrs. Shatz and Zegen serve directly or through entities that they control as general partners of the Clients and other affiliates of the Advisor. They or these general partners receive compensation for serving as general partners in the form of carried interests in the Clients. They also receive compensation from other affiliates of the Advisor.

Additional Compensation

Not applicable.

Supervision

Messrs. Shatz and Zegen, together with chief compliance officer Julie Breslin Furda and director of human resources Shea Taylor, supervise the personnel of Madison Realty Capital. Only Messrs. Shatz and Zegen provide investment advice to Clients. Questions relating to the supervision of our personnel may be addressed to Ms. Furda at (646) 442-4209.

Requirements for State-Registered Advisors

Not applicable.