

# Lyrical-Antheus Management, L.P.

Investment Adviser Brochure (Form ADV: Part 2A)  
801-74020

March 27, 2023

This brochure provides information about the qualifications and business practices of Lyrical-Antheus Management, L.P. If you have any questions about the contents of this brochure, please contact us at 201-541-8003. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Lyrical-Antheus Management, L.P. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 2 – SUMMARY OF MATERIAL CHANGES

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There are no material changes since LAM's last annual updating amendment date March 31, 2022.

As noted above, the foregoing is solely a summary of the material changes that made to this brochure and does not summarize all of the changes since Lyrical-Antheus Management, LP's last annual update. Please be aware that other non-material changes have been included in this brochure.

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## ITEM 4 - ADVISORY BUSINESS

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Lyrical-Antheus Management, L.P. ("LAM") is owned by Eli Ungar (49%) and the Jeffrey A. Keswin 2007 Perpetuity Trust (49%). Erica Keswin serves as the trustee to the Jeffrey A. Keswin 2007 Perpetuity Trust.

LAM was organized in December 2004 for the purpose of providing investment management services with respect to real estate related investments. LAM provides investment advisory services with respect to investments in residential and commercial real estate. Investments consist of, but are not limited to, income-producing residential real property located throughout the United States. LAM provides these services to pooled investment vehicles organized as limited partnerships and limited liability companies (referred to herein as "clients"). The term "investor" as used herein refers to an individual or entity that invests in a client of LAM. LAM serves as the managing member of each client's general partner or manager ("LAM GPs"). The ownership of the LAM GPs is identical to that of LAM.

LAM's investment advice is limited to real estate related investments. Any client restrictions or investment objectives are set forth in the client's governing documents.

As of December 31, 2022, LAM managed \$2,327,703,147 in assets on a discretionary basis.

## ITEM 5 - FEES AND COMPENSATION

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Clients pay LAM an annual management fee ranging from 1- 2% annually. For clients who seek to invest in properties for development or redevelopment and disposition, the management fee is 2% as follows: 1) during the commitment period, a percentage based on total capital commitments and 2) after the commitment period, a percentage based on net funded capital commitments (as defined in each client's governing documents). For clients who seek to invest in stabilized properties for management and long-term holding, the management fee is 1% of net asset value. The management fee is directly debited from clients quarterly in advance and may be negotiated with each investor at LAM's discretion. If a client terminates prior to the end of the quarter, LAM will not refund pre-paid management fees to clients. In addition, the LAM GPs are eligible to receive performance based compensation from clients.

In addition to the fees described above, each client typically pays expenses incurred in connection with the investment, administration and management of its assets. Such expenses include legal, accounting and other third-party costs, litigation expenses, compensation of advisers, consultants and finders, travel costs, appraisal costs, commitment fees, transfer or recording taxes, registration fees, real estate taxes, interest, leasing fees, management fees and expenses. If an expense is incurred for the benefit of more than one client, it is allocated pro rata in proportion to the relative amounts invested or in a manner deemed to be fair and equitable.

Clients will incur other brokerage and transaction costs. The disclosure under Item 12 contains additional information with respect to such costs.

LAM, at its sole discretion, may enter into side letters or other similar arrangements with certain investors that may waive or modify the application of any provision in the respective governance agreement with respect to such investor. Such side letters may have the effect of establishing or otherwise benefiting such investor in a manner more favorable than the rights and benefits described in the applicable offering documents and governance agreement. The same favorable rights and benefits may be extended, or not, to other investors in accordance with each respective Funds' offering materials. These rights and benefits may include differing terms with respect to management fees, fee rebates, tax considerations, capacity allowances, subscription privileges, redemption rights, placement fees, minimum and maximum subscription amounts, investor eligibility requirements, co-investment opportunities and other terms and conditions.

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

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As discussed under Item 5, clients pay an annual management fee to LAM and LAM GPs are eligible to receive performance-based compensation from clients. LAM does not have an incentive to favor accounts which pay performance fee since it does not advise clients that are not subject to both an asset-based fee and performance-based compensation.

## **ITEM 7 - TYPES OF CLIENTS**

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LAM's clients are pooled investment vehicles for which LAM GPs serve as the general partner or managing members. Clients may have investment minimums set forth in their governing documents, which may be waived at LAM's discretion.

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

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### ***Analyses and Strategy***

LAM provides investment advisory services with respect to investments in residential and commercial real estate. LAM provides services to clients with two types of investment objectives: 1) seeks to generate return for clients through the purchase, development, re-development, financing, management and disposition of multi-family residential and commercial properties and 2) seeks to generate return for clients through the purchase and management of stabilized multi-family residential and commercial properties.

When selecting investments, LAM considers, among other factors, geographic location, including proximity to anchors such as hospitals and universities, and the opportunity to create value due to distress or improper management. Prior to making an investment, LAM conducts various forms of due diligence which may include environmental studies, assessment reports, operating diligence regarding leases and bad debt, and financing reviews.

### Risks

Real estate investments tend to be illiquid and are subject to varying degrees of risk. Real estate values are effected by a number of factors including changes in the general economic climate, local conditions (such as an oversupply of space or reduction in demand for space), the quality and philosophy of management, competition based on rental rates, attractiveness and location of properties, financial condition of tenants, buyers and sellers of properties, quality maintenance, insurance and management services and changes in operating costs. Real estate values are also affected by such factors as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing and potential liability under changing environmental laws. As a result of such factors, the value of the real estate investments can be expected to fluctuate.

LAM's clients and their subsidiaries borrow and use leverage to make investments. While such leverage will increase the funds available for investment by clients, it will also increase the risk of loss on a leveraged property.

LAM's clients invest mainly in real estate and lack diversification. A lack of diversification increases the impact a decrease in real estate market would have on clients.

LAM's clients may co-invest with third parties through joint ventures. Such investments involve risks not present in investments where a third party is not involved, including the possibility that a co-investor may at any time have economic or business interests or goals which are inconsistent with those of the client, or may be in a position to take actions contrary to our investment objectives.

In addition, such investments may involve risks not otherwise present with other methods of investment in real estate, including, for example, the possibility that co-investor in an investment might suffer financial or other difficulties and might become bankrupt. As a result, clients may be unable to fully realize their expected return on any such investment. In addition, in certain circumstances clients may be liable for actions of their co-investors, including making up for any shortfall in the event a co-venturer defaults on its funding obligations. Any of the above might subject a property to liabilities in excess of those contemplated or otherwise adversely affect a client's investment in the joint venture and thus reduce client returns. In certain circumstances, actions of our clients may be subject to consent rights held by its co-investors, the exercise of which could adversely affect its interests.

Although LAM has taken measures to decrease the risks associated with a cybersecurity event, the computer systems, networks and devices used by LAM and its service providers potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. A cybersecurity breach could result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information of clients. A cybersecurity breach may also cause disruptions and impact business operations potentially resulting in a financial loss to a client or investor.

A global pandemic, an epidemic affecting a geographic region where the underlying properties of the LAM's clients are concentrated, and other large-scale human health crises could result in significant disruptions to the development or operations of the clients' investments. The extent of development and other operational delays, increased costs (including potential financing penalties as a result of delays), and losses in operating income in connection with such events will be a function of the severity of the event, the nature and scope of governmental responses to such event, the impact of the event on the workforce relied upon by LAM's clients, and the total amount of exposure in the affected area. To the extent the underlying properties of a client's investments are geographically concentrated, a regional epidemic particularly affecting this geographic region would adversely affect the client's financial condition and business operations. Further, to the extent the clients' investments are specifically affected by or exposed to (or perceived to be affected by or exposed to) the occurrence of a contagious disease or illness, this would adversely impact lease renewal rates for the affected underlying properties of the clients' investments.

There is no assurance that the above is a complete description of all risks of an investment or that there are no other risks that may exist now or that may arise in the future in connection with an investment. Strategies and risks related to clients are described in greater detail in each client's governing documents and this description is qualified in its entirety by those materials with respect to each client.

Investing in securities involves risk of loss that clients should be prepared to bear.

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## ITEM 9 - DISCIPLINARY INFORMATION

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LAM and its supervised persons do not have legal or disciplinary events to disclose.

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## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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LAM recommends to clients, or engages on a client's behalf, related third party service providers. A conflict of interest exists in engaging, initially and on an ongoing basis, or recommending, such persons since it could appear that the third-party service providers were chosen based on their relationship with LAM rather than on a client's best interests. LAM monitors this potential conflict of interest to ensure that the recommendation of third

party service providers is in the clients' best interests. These relationships are described below.

- Silliman Group, LLC is a related construction company that is engaged by clients to perform certain construction and/or construction management services. LAM's clients reimburse Silliman for these construction costs. LAM ensures that such services and costs are comparable or more favorable than that which could be obtained from an unrelated party. Silliman is a pass-through entity which performs renovation work exclusively for LAM's clients' properties. It was established in order to avoid paying general contractor fees. It does not generate any profit, but instead performs work at cost.
- MPM, Algonquin Management, LLC and Regent Park Management, LLC (collectively the "Property Management Companies") are related persons of LAM. The Property Management Companies are engaged to manage the rental activities with respect to clients' real estate investments. LAM's clients pay a property management fee to the Property Management Companies based on a percentage of rental income for such services. As stated in the clients' PPMs, at no time will the management fee charged by the management companies be in excess of the market rate. The services and pricing available from third party property managers are reviewed on an ongoing basis to ensure that the pricing and services provided by the Property Management Companies are comparable to or more favorable than that which could be obtained from an unrelated party.

It should be noted that both Silliman and MPM lease office space in properties that are owned by LAM's clients. LAM ensures that all such leases are at fair market rates.

LAM also has the financial industry affiliations described below.

- Some employees of MPM are licensed real estate brokers. Such licenses are held solely in connection with the leasing activities conducted by MPM. Employees of MPM are not engaged in the purchase or sale of real estate as licensed real estate agents or brokers.
- Mr. Keswin maintains an ownership interest in Lyrical Asset Management ("Lyrical"), an SEC registered investment adviser. Lyrical provides investment advisory services to separately managed accounts and an investment company which invest in publicly traded securities. Mr. Keswin also has an ownership interest in Lyrical Partners, LP. Lyrical Partners, LP is an exempt reporting adviser that manages investment funds including funds of funds, private equity funds and hedge funds. Further, Mr. Keswin has an ownership interest in Lyrical Ventures LLC that advises ventures capital funds. LAM does not believe that these situations create a conflict of interest with or harms clients in any way.
- LAM clients' invest in real estate through special purpose vehicles ("SPVs") which hold the underlying property. Affiliated entities of LAM serve as the general partner or managing member of these special purpose vehicles.



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

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LAM enforces a Code of Ethics (the “Code”) to promote the highest levels of ethical conduct among its supervised persons. The Code includes the following general principles: 1) the duty at all times to place the interests of clients first, 2) the requirement to conduct personal securities transactions in such a manner as to avoid any actual or potential conflict of interest, and 3) the fundamental standard that LAM and its supervised persons exercise independent, unbiased judgment in the investment decision-making process.

The Code stipulates that supervised persons are not permitted to use their knowledge of proposed or actual recommendations or transactions to profit personally. The Code also restricts the personal receipt of investment opportunities, perquisites, or gifts from persons doing or seeking business with LAM that could call into question the supervised person’s independent judgment.

Supervised persons are also prohibited from sharing non-public personal information of clients or investors without permission and unless necessary to complete a transaction on the client’s or investor’s behalf.

Certain supervised persons have an ownership interest in clients directly, as investors, or indirectly, as owners of the LAM GPs. Consequently, an incentive exists to favor clients based on the amount of a supervised person’s interest. For example, an incentive could exist to allocate limited investment opportunities to certain clients. LAM prohibits its supervised persons from allocating trades or investment opportunities that favor any particular client, group of clients or affiliated and proprietary accounts. In addition, the nature and timing of investment decisions decreases the likelihood that clients would compete for investment opportunities. See Item 12 for more information with respect to the allocation of investment opportunities.

This summary is qualified in its entirety by LAM’s Code. Contact David Kuker at [dkuker@antheuscapital.com](mailto:dkuker@antheuscapital.com) to request a copy of the Code.

## ITEM 12 - BROKERAGE PRACTICES

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LAM has the discretion to select the mortgage broker used to effect mortgage transactions for financing real estate investments. When selecting mortgage brokers, LAM considers mortgage brokers with a demonstrative experience in financing from various lenders and a track record with loans of similar type and size. LAM also has the discretion to select real estate brokers to affect the sale of real estate investments. In selecting a real estate broker, LAM considers the market experience, track record and client-base of the broker. Although

obtaining the lowest fee is a factor in selecting or recommending a real estate broker, LAM does not necessarily direct transactions to the broker that offers the lowest commissions.

LAM is committed to allocating potential transactions among its clients in a fair and equitable manner. LAM typically forms pooled investment vehicles with similar investment objectives on a sequential basis and generally does not make investments in a new client until all prior clients are at least 70% invested. LAM may occasionally form joint ventures between two or more clients to co-invest in an opportunity. LAM reviews that the opportunity is appropriate for each client and each client receives the same terms and conditions. In addition, certain of LAM's clients were formed with the sole purpose of co-investing with another client. These clients are managed as parallel funds and co-invest in the same opportunities in pre-determined allocations. The nature and timing of investment decisions, as described above, reduces the likelihood that clients would compete for investment opportunities. In addition, LAM's clients each have an advisory committee which consists of independent investors. When a potential conflict of interest exists, LAM may convene the client's advisory committee to review the investment. Further, LAM prohibits its supervised persons from allocating trades or investment opportunities that favor any particular client, group of clients or affiliated and proprietary accounts.

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### ITEM 13 - REVIEW OF ACCOUNTS

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Client investments are reviewed on an annual basis Eli Ungar, Managing Member of Lyrical-Antheus Management GP, LLC. Lyrical-Antheus Management GP, LLC serves as the general partner to LAM. These reviews take into account various factors, including, performance, budgets and capital plans.

For each client investment, LAM receives information from the property manager with respect to periodic physical reviews of investments, weekly reviews of leasing and rent rolls, and monthly reviews of lease renewals, occupancy rates and financials. Significant changes in the information provided by the property manager may trigger further review by LAM.

LAM provides written quarterly statements and annual audited financials to its clients' investors.

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### ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

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LAM does not receive any economic benefit from a non-client for providing investment advisory services. In addition, LAM does not compensate any person for client referrals.

If an investment opportunity is too large for a client to invest in alone, LAM may seek other investors to participate with the client in making the investment. LAM does not provide investment advice or other advisory services to these other investors but may be entitled to receive from them a performance fee based on the success of the investment. LAM believes

that this practice is in the best interests of clients, who would not otherwise be able to participate in the investment opportunity and does not create a conflict of interest.

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## ITEM 15 - CUSTODY

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LAM has custody over clients' funds and/or securities. LAM's clients are audited by an independent public accountant and annual audited financial statements are distributed to the investors.

In the event that a qualified custodian sends quarterly, or more frequent, account statements directly to clients or investors, such clients and investors should carefully review those statements and compare them to any statements they receive from LAM.

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## ITEM 16 - INVESTMENT DISCRETION

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LAM accepts discretionary authority to manage its clients' assets. This authority is set forth in a client's offering documents, investment advisory agreements, and/or other governing documents. Such documents also set forth restrictions and constraints with respect to this authority.

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## ITEM 17 - VOTING CLIENT SECURITIES

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Rule 206(4) -6 of the Advisers Act requires an investment adviser who exercises voting authority with respect to client securities to adopt and implement written policies and procedures reasonably designed to ensure that the adviser votes proxies in the best interest of its clients. Rule 206(4) -6 further requires an adviser to provide a concise summary of its proxy voting process and offer to provide copies of the complete proxy voting policy and procedures to clients upon request. Lastly, Rule 206(4) -6 requires that an adviser disclose to clients how they can obtain information on how the adviser voted their proxies. LAM generally does not provide investment advisory services with respect to publicly traded securities.

LAM's clients invest in real estate through SPVs for whom LAM has the right to vote its interest in the SPV. LAM will vote securities in a manner it believes to be consistent with the best interest of such clients and their investors. LAM will monitor for potential conflicts and take appropriate measures to mitigate any conflicts such as consulting the advisory committee when a conflict exists.

Investors do not have the ability to direct LAM on how to vote on a particular solicitation. To obtain information regarding LAM's voting policies and procedures and how LAM voted a particular solicitation, contact David Kuker at [dkuker@antheuscapital.com](mailto:dkuker@antheuscapital.com).

## ITEM 18 - FINANCIAL INFORMATION

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LAM is financially capable of meeting all contractual commitments to its clients.