



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
CHICAGO REGIONAL OFFICE  
175 W. JACKSON BOULEVARD  
SUITE 900  
CHICAGO, IL 60604

October 3, 2014

DELIVERY VIA SECURE E-MAIL

Re: Examination of

Dear

The staff of the U.S. Securities and Exchange Commission is conducting an examination of the Adviser pursuant to Section 204 of the Investment Advisers Act of 1940 (the "Advisers Act"). The purpose of the examination is to assess the Adviser's compliance with provisions of the Advisers Act and the rules thereunder.

Additional information about the Commission's examination process is included in the enclosed brochure *Examination Information for Entities Subject to Examination or Inspection by the Commission* (SEC Form 2389). Also enclosed is *Supplemental Information for Entities Directed to Supply Information to the Commission Other Than Pursuant to Commission Subpoena* (SEC Form 1661), which provides information regarding the Commission's authority to obtain the information requested and additional information.

**Information is Requested**

Please provide all of the information specified in the enclosed information request list by **October 22, 2014**. The staff requests that items be provided in an electronic format to the extent possible. Additional information about the desired electronic format is included in the document request list.

If the Adviser becomes aware of the need for delay in the production of any requested information, the Adviser should immediately contact the undersigned at the telephone number indicated. During the examination, the staff may also request additional or follow-up information, and will discuss timeframes for the Adviser to produce this information.

### **The On-Site Phase of Examination**

The on-site phase of the examination will begin on **November 17, 2014**. The staff appreciates the Adviser's cooperation in facilitating the examination process.

We request that you make adequate office facilities available to the staff during the on-site examination, to ensure the confidentiality and efficiency of the examination. After arriving on-site, the staff would like to speak with at least one member of senior management to obtain an overall view of the Adviser's organization, business, compliance program, and compliance culture. Early in the on-site portion of the examination, the staff would also like to discuss the Adviser's overall compliance program as well as specific policies and procedures with the Adviser's Chief Compliance Officer. Also during the on-site portion of the examination, in order to understand fully the Adviser's operations and compliance controls in these areas, the staff will want to interview persons responsible for functions such as risk management, portfolio management, accounting, and marketing.

### **Background Regarding the Information Requested**

Each investment adviser and investment company that is registered with the Commission is required to adopt and implement written policies and procedures reasonably designed to prevent violations of the federal securities laws, and to review those policies and procedures annually for their continued adequacy and the effectiveness of their implementation. In addition, registered advisers and funds are required to designate a chief compliance officer responsible for administering the policies and procedures. Each adviser should adopt policies and procedures that take into consideration the nature of that firm's operations. The policies and procedures should be designed to prevent violations from occurring, detect violations that have occurred, and correct promptly any violations that have occurred.

The initial phase of an examination generally includes a review of the firm's business and investment activities and its corresponding compliance policies and procedures. The examination staff will request information and documents and speak with the firm's employees to ensure an understanding of the firm's business and investment activities and the operation of its compliance program. Using the information obtained, the staff will assess whether the firm's policies and procedures appear to effectively address the firm's compliance risks. The initial phase of an examination also includes testing of the firm's compliance program in particular areas. The information requested and the purpose for requesting the information is described below.

- Certain general information is requested, such as the firm's organizational charts, demographic and other data for advisory clients -- to provide an understanding of the firm's business and its investment activities.

- Information about the firm's compliance risks is requested, and the written policies and procedures that the firm has established and implemented to address those risks -- to provide an understanding of the firm's compliance risks and its corresponding controls. This information would include, for example, any inventory performed of the firm's compliance risks and its compliance manual or policies and procedures.
- Documents relating to the firm's compliance testing is requested -- to provide an understanding of how effectively a firm has implemented its compliance policies and procedures. This information would include, for example, the results of any compliance reviews, quality control analyses, surveillance, and/or forensic or transactional tests performed by the firm.
- Information regarding actions taken as a result of compliance testing is requested -- to provide an understanding of steps taken by the firm to address the results of any compliance reviews, quality control analyses, surveillance, and/or forensic or transactional tests performed by the firm. This information would include, for example, any warnings to or disciplinary action of employees, changes in policies or procedures, redress to affected clients, or other measures.
- Other information is requested -- to allow the staff to perform testing for compliance in various areas.

As part of the pre-examination planning process, the staff actively coordinates examination oversight to ensure that regulatory efforts are not duplicative. If you have any concerns in this regard, please contact the undersigned.

Your cooperation is greatly appreciated in the examination process. If you have any questions, please contact me at

Sincerely,

Examination Manager  
Investment Management Examinations

Enclosures:

Information Request List  
Examination Information Brochure (SEC Form 2389)  
Supplemental Information (SEC Form 1661)

## **Examination Information Request List**

### **Examination Period**

Information is requested for the period **January 1, 2013**, through **September 30, 2014**, (the “Examination Period”) unless otherwise noted.

### **Organizing the Information to be Provided**

In order to efficiently process the material assembled for the staff’s review, please label the information so that it corresponds to the item number in the request list. The information should be provided in the timeframe indicated, where possible. If information provided is responsive to more than one request item, you may provide it only once and refer to it when responding to the other request item numbers. If any request item does not apply to your business, please indicate “N/A” (not applicable).

### **Information to be Provided by October 22, 2014**

#### **General Information**

1. Adviser’s organization chart showing ownership percentages of the Adviser and control persons, and a schedule or chart of all affiliated entities. Include all entities that are commonly controlled by, or under common control with, the Adviser. Describe the relationship between the Adviser and its affiliated entities. Include what services, if any, are provided to the Adviser by the affiliated entities or to the affiliated entities by the Adviser.
2. Slide deck presentation summarizing, among other things, the Adviser, its clients, its affiliated entities, and the services that each entity provides to the Adviser’s clients.
3. A list of current employees, partners, officers and/or directors and their respective titles and areas of responsibility.
4. Names of officers and/or employees who were disciplined and/or terminated during the Examination Period and information regarding the reason for the action.
5. Identify any officers or employees of the Adviser that resigned or were terminated that filed or stated complaints against the firm or its employees, alleging potential violations of securities laws as the cause for the resignation or termination.
6. Any threatened, pending and settled litigation or arbitration involving the Adviser or any “supervised person” (if it relates to the individual’s association with the Adviser or a securities-related matter) including a description of the allegations, the status, and a brief description of any “out of court” or informal settlement. Note that “supervised person” is any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser (defined

in Section 202(a)(25) of the Advisers Act). If none, please provide a written statement to that effect.

7. A list of all committees including a description of each committee's responsibilities, meeting frequency, and a list of the members of each committee. Please also indicate whether the committees keep written minutes.
8. Names of any joint ventures or any other businesses in which the Adviser or any officer, director, or employee participates or has any interest (other than their employment with the Adviser), including a description of each relationship.
9. The names and location of all affiliated and unaffiliated service providers and the services they perform. In addition, please indicate the amount paid to each service provider during the Examination Period. Please also identify any amounts received by the Adviser from such affiliates, if any.
10. A list of all publicly traded companies for which the Adviser's (and the Adviser's affiliates) employees serve as officers or directors.

#### **Compliance, Risk Management and Internal Controls**

11. Compliance policies and procedures that were in effect during the Examination Period for the Adviser and its affiliates.
12. A current inventory of the Adviser's compliance risks that forms the basis for its policies and procedures.
13. A record of any non-compliance with the Adviser's Compliance policies and procedures and of any action taken as a result of such non-compliance.
14. Any client or limited partner complaints, and information about the process used for monitoring client or limited partner correspondence and/or complaints, including the name of any third-party service provider used and the Adviser's oversight of the service provider.
15. Documentation maintained regarding any reviews conducted of the Adviser's policies and procedures, including the most recent annual and/or interim reports.

#### **Performance Advertising and/or Marketing**

16. Specimen copies of pitch books, one-on-one presentations, pamphlets, brochures, and any other promotional and/or marketing materials furnished to existing and/or prospective investors.
17. A list of all responses to requests for proposals ("RFPs") and due diligence questionnaires ("DDQs") completed during the Examination Period. Please include the name of the RFP or DDQ and the approximate date (month, year).

18. List of all solicitor/consultant/placement agents used to raise capital for the funds, including the fee arrangement with that party, the total cash and non-cash compensation paid, whether the party is affiliated with the Adviser, and the investor(s) obtained.
19. A list of any third-party websites or databases for which the Adviser has provided performance or marketing information during the Examination Period.
20. For the investor relations section of the Adviser's website, please establish a temporary username and password for the staff's use during the examination and include them with your response.

### **Financial Records**

21. A copy of the Adviser's financial statements (balance sheet, general ledger, trial balance, income statement, cash receipts and disbursements records or journal, and cash flow statements) as of the end of its most recent fiscal year and the most current year to date.
22. Any budgets prepared by management, with detail of compliance expenditures, as of the end of the most recent fiscal year and the most current year to date.
23. Any loans from funds or investors, including promissory notes, to the Adviser, or sales of the Adviser's or any affiliate's stock to the funds or investors.
24. List all fee splitting or revenue sharing arrangements.

### **Real Estate Funds**

25. Provide the information below for each private and/or unregistered investment fund (and any co-investment or other parallel vehicles) sponsored and/or managed by the Adviser. The preferred format for this information is in Excel.
  - A. Name as shown in organizational documents (as amended);
  - B. Domicile (country and state);
  - C. Investment strategy (e.g., type of real estate, fund-of-funds, etc.);
  - D. If funds are part of a master/feeder fund structure, full name and domicile of each fund;
  - E. Number of investors and total assets as of September 30, 2014;
  - F. Amount, if any, of the Adviser's equity interest in each fund as of September 30, 2014;
  - G. Amount, if any, of the Adviser's affiliated persons' interests as of September 30, 2014;
  - H. Date the fund began accepting unaffiliated investors;
  - I. Offering size;
  - J. Whether the fund is currently closed to new investors and when it closed;
  - K. Lock up periods for both initial and subsequent investments;
  - L. Specific exemption(s) from registration under the Securities Act of 1933 and/or the Investment Company Act of 1940 upon which the fund relies;
  - M. The current stage of the fund's lifecycle, if applicable. Also indicate if the fund has been extended beyond its expected lifespan;

- N. Services the Adviser or an affiliate (e.g., general partner, adviser, managing member) is providing;
- O. Amount of the fund's committed capital;
- P. The fund's NAV as of September 30, 2014 (when available) and June 30, 2014;
- Q. Amount of leverage, both on-balance sheet and off-balance sheet, used by the fund as of September 30, 2014;
- R. Whether the fund was created to offer investors participation in subsequent private funds offered by the Adviser;
- S. The advisory fee charged for the last billing period;
- T. Whether the fund is currently in-the-money or out-of-the-money for earning carried interest;
- U. Whether the fund is currently in a clawback position and the amount of the clawback;
- V. Names of all qualified custodians at which funds or securities are held.

- 26. The organizational documents, including the fund's limited partnership agreement or operating agreement, the advisory or management agreement between the Adviser and fund, and the private placement memorandum and/or other offering documents. Also, please specifically identify sections with disclosures regarding conflicts arising from the use of affiliated entities and/or service providers.
- 27. Side letters between the fund and any investor or beneficial owner. Indicate any side letters that reference fees and/or expenses.
- 28. Any documents extending the fund's term, investment period or commitment period. If the fund has been fully liquidated, please include the notice of liquidation and final distribution.
- 29. A list of limited partners invested in each client fund including commitment date, commitment amount and the value of the investor's capital account as of September 30, 2014.
- 30. A list of all subscriptions and redemptions for each fund during the Examination Period, which includes:
  - A. Name of investor subscribing or seeking the redemption;
  - B. Date of subscription or redemption request;
  - C. Amount subscribed or redeemed;
  - D. Name of the fund from which the request was made; and
  - E. Whether or not the request has been honored
- 31. Each fund's balance sheet, income statement, general ledger, trial balance, cash receipts and disbursements journals, and cash flow statement as of the end of its most recent fiscal year and the most current year to date.
- 32. A copy of the most recent audited financial statements for any pooled investment vehicle managed by the Adviser. In addition, please provide documentation indicating when audit reports were delivered to investors. Include the audit partner's contact information.

33. A list of any service providers utilized by the fund, including, but not limited to, the auditor, administrator, and custodian. This list should include the services performed as well as the amount of compensation paid to each service provider in the last fiscal year and the most current year to date.
34. Documentation concerning any due diligence conducted of service providers that were utilized during the Examination Period (e.g., bids, contracts, requests for service/proposal, notes, documents reviewed).
35. For each of the Private Funds identified in Item 25, provide a list of all assets (e.g., real estate, securities, and other financial instruments) held, acquired, sold or otherwise disposed of during the Examination Period. In responding to this request, please include:
- A. Investment name;
  - B. Name of the fund(s) in which investment was made;
  - C. Date and amount of original investment;
  - D. Counter-party
  - E. Amount of original investment;
  - F. Dates of follow-on investments;
  - G. For each follow-on investment, the amount of the investment and counter-party;
  - H. Name(s) and amount(s) of any co-investment(s) and co-investor(s);
  - I. Date of first realization;
  - J. Realized amount;
  - K. Value of remaining investment/unrealized amount (if any);
  - L. Investment level gross IRR (if available); and
  - M. Names of the investment professionals who sourced and are responsible for the investment.
36. Please provide a schedule of all loans utilized by the private funds or underlying property investments, which includes:
- A. Borrower's name;
  - B. Lender's name;
  - C. Inception date of the loan;
  - D. Maturity date of the loan;
  - E. Interest rate on loan;
  - F. Principal amount of the note;
  - G. Carrying value of the loan;
  - H. Whether the loan is performing, non-performing, or in foreclosure;
  - I. Whether the loan is collateralized by a first deed of trust; and
  - J. A legal description of the collateral (e.g., parcel number).



37. A list of service providers, used by the Adviser, any private fund managed by the Adviser, or any underlying property during the Examination Period and the services they perform(ed). Please include:

- A. Any joint venture partners who perform property management services for the Adviser, its funds or portfolio investments;
- B. Service providers that perform property management services;
- C. Service providers that perform leasing services;
- D. Service providers that provide or broker insurance, including title insurance;
- E. Service providers that provide asset management services;
- F. Service providers that provide investment banking / M&A services; and
- G. Other service providers.

Please indicate if any of these service providers are affiliated or otherwise related to the Adviser or its employees.

38. To the extent not provided, a list of any executives, consultants, or service providers introduced to any property-level investment by the Adviser (or by its affiliates) that are receiving compensation or have received compensation from any properties. Please also provide a description of the role these "Introduced Individuals or Entities" fulfill (or fulfilled) at the property and also describe any role (formal or informal) that they have with the Adviser (or its affiliates).

39. The Adviser's ten most profitable and ten least profitable investment decisions based on total return during the Examination Period. Please include the investment name, purchase date, sale date, percentage of gain and/or loss, and dollar amount of the gain and/or loss.

40. Preferably in Excel, a schedule of fund-level fees and expense reimbursements received by the Adviser or affiliates, including:

- A. Fund name;
- B. Date received;
- C. Amount;
- D. Type of fee/expense reimbursement;
- E. A description of the services provided; and
- F. Whether the fee or expense reimbursement was offset either partially or entirely by other revenue.

41. Preferably in Excel, a schedule of property-level fees and expense reimbursements received by the Adviser or affiliates, including:

- A. Name of property;
- B. Name of fund which owns the property;
- C. Date of the fee/expense reimbursement;
- D. Amount;
- E. Type of fee/expense reimbursement;
- F. A description of the services provided; and

G. Whether the fee or expense reimbursement was offset either partially or entirely by other revenue.

42. Names of all valuation appraisers, pricing services, quotation services, and/or externally-acquired portfolio accounting systems used in the valuation process. Also, please provide engagement agreements executed with these providers.
43. A summary of the valuation process used during the Examination Period in terms of the data and models used, analysis performed, and output of the analysis. Copies of the original valuation/appraisal and any subsequent valuation/appraisal performed by property.
44. Copy of materials presented or distributed to investors at the Adviser's most recent Annual Meeting.
45. Copies of minutes, notes and materials distributed at the two most recent meetings of each fund's Limited Partners' Advisory Committees.
46. A list of secondary transactions which occurred during the Examination Period including the names of the seller, buyer and amount of commitment transferred. Please include any instances where an investor has made a request to transfer interests but has not yet consummated the transaction and instances where transfers were not approved by the General Partner.
47. A list of property sales to other funds (indicate whether the fund purchasing the property was affiliated with the Adviser). Also, list properties acquired by purchasing them from another fund.