

PART 2A FORM ADV

Dated as of September 22, 2014

LASALLE INVESTMENT MANAGEMENT, INC.

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This brochure provides information about the qualifications and business practices of LaSalle Investment Management, Inc. If you have any questions about the contents of this brochure, please contact us at the telephone number above. 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 LaSalle Investment Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2. Material Changes

This Form ADV Part 2A, dated as of the date of the first page, contains no material changes from the Form ADV Part 2A of LaSalle Investment Management, Inc. ("LaSalle") filed for the fiscal year ended December 31, 2013.

Item 3. Table of Contents

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Item 4. Advisory Business

A. Description of Firm

LaSalle Investment Management, Inc. ("LaSalle"), a Maryland corporation, is a real estate investment adviser that provides investment management services on real estate assets to institutional clients.

LaSalle was established in 1980 as a subsidiary of LaSalle Partners. LaSalle registered with the SEC as an investment adviser in 1983. In 1997, LaSalle Partners converted its structure to a corporation, registered its initial public offering with the U.S. Securities and Exchange Commission and became listed on the NYSE: JLL. In 1999, LaSalle Partners merged with Jones Lang Wootton, an international real estate services firm headquartered in London, England. The newly combined entity was named Jones Lang LaSalle Incorporated and is still the direct parent of LaSalle.

B. Description of Advisory Services

LaSalle's primary business is to advise clients on real estate-related investments (e.g., mortgages, direct investments in real estate, investments in real estate funds, joint ventures with real estate partners and direct equity investments in real estate assets

through the purchase of all or substantially all of the issued securities of real estate investment trusts and similar structures) and to manage those investment portfolios. The scope of these services includes identifying and acquiring on behalf of clients real estate-related investments and subsequently managing such assets/portfolios or other specified assets. Other services included within the scope of engagements generally include strategic research and investment strategy, acquisitions and dispositions, portfolio and asset management, cash management, financial reporting, accounting, due diligence and client services. As described in Form ADV Part 1A, pooled vehicles and state government entities represent the substantial majority of LaSalle's client base.

LaSalle accepts engagements on a discretionary and non-discretionary basis. In the case of discretionary engagements, LaSalle is given full authority to acquire and dispose of real estate assets and to manage the real estate assets owned by the client. Clients in non-discretionary engagements withhold some or all of the authority otherwise granted to LaSalle in discretionary engagements. In these engagements, the clients often require LaSalle to obtain client approval before purchasing or selling a property or incurring material charges.

C. Tailoring Advisory Services and Client Restrictions on Advisory Services

LaSalle works with institutional clients to address their investment objectives to the extent that LaSalle can accommodate such needs and that they will not adversely affect the services that LaSalle provides to other clients. LaSalle generally offers core, value-add, and opportunistic real estate strategies to prospective clients. LaSalle may also further tailor a strategy to limit investments in certain locations or types of real estate, or may also agree to limit the amount of leverage used in the investment strategy, to the extent that the limitations do not otherwise create limitations in executing the client's overall investment strategy.

D. Wrap Fee Programs

LaSalle's investment model does not include providing services to wrap fee programs.

E. Assets Under Management

LaSalle has calculated that as of December 31, 2013 it has \$10,328,731,239 assets under management on a discretionary basis and \$1,683,292,995 assets under management on a non-discretionary basis. These amounts represent the value of all real estate related assets managed on behalf of LaSalle clients and differ from the regulatory assets under management amount provided in LaSalle's Part 1 Form ADV. The asset values provided in LaSalle's Part 1 Form ADV are provided consistent with the definition of "regulatory assets under management" and therefore represent only those clients that are categorized as "private funds".

Item 5. Fees and Compensation

A. Description of Compensation Arrangements

LaSalle receives fees for its services that depend on a variety of factors, including the real estate investment strategy, the size of the overall portfolio and the nature of the client (e.g., fund or separate account). These fees are generally comprised of

management, advisory fees, and/or incentive fees. In addition, LaSalle receives acquisition, disposition, and/or cash management fees in accordance with the terms of certain client agreements. In those circumstances where LaSalle sponsors a private real estate fund, LaSalle would establish the base fees under which LaSalle and its affiliates would be paid for providing services to the fund. These fees are generally based on the type of services that LaSalle and its affiliates would perform for the fund and the fund's investment strategy.

In the case of separate accounts, LaSalle generally charges a fixed fee based on the size of the real estate portfolio, although some separate accounts may also have an incentive fee structure in place. Separate account fees are individually negotiated with each separate account advisory client.

LaSalle and its clients may also agree to incentive fees as a component of the overall compensation that LaSalle would receive for its real estate services. These fees generally are calculated as a specified percent of the return that exceeds the realized return identified in the investment advisory agreement or fund formation documents. All accounts, including funds, are audited on an annual basis. Any incentive fees charged are in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended ("Advisers Act").

B. Manner of Fee Payment

The manner in which LaSalle is paid for its services varies by client and the type of service and is documented in the advisory agreement with the client. LaSalle generally bills in arrears for fees incurred in the case of its separate accounts, which is generally required by separate account clients. In the case of LaSalle sponsored funds, fees owed to LaSalle and its affiliates are payable in accordance with the fund documentation. Fund documents generally do not require LaSalle to generate an invoice; instead, the governing documents generally require the fund (e.g., limited partnership, limited liability company, trust) to calculate the fees payable by the fund and disburse the funds from the fund's account to LaSalle.

Fees are payable periodically depending on the nature of the fee. For example, management fees are generally payable on a quarterly basis, transaction fees (such as acquisition fees) are payable within a certain period of time following the closing of a transaction and incentive fees are payable on a periodic basis, quarterly or annually, after the designated threshold has been reached.

C. Other Fees Clients May Be Charged

LaSalle's clients will be charged fees payable to service providers other than LaSalle in addition to those described above. These fees are primarily comprised of services related to property management, bank custody, audits, tax filing preparation and real estate transactions fees related to the operation of the client's property portfolio. In the case of property management fees, LaSalle hires property managers to manage the individual properties that a client owns. Fees payable to the property manager are generally sourced from the income generated by the property. The client is also responsible for fees associated with bank accounts opened on behalf of the client, which would generally

be comprised of general account maintenance fees, statement delivery charges and bank transaction charges. Other miscellaneous fees that would arise during the course of all client relationship include real estate transaction fees, such as costs and fees associated with the purchase or sale of a property (taxes, attorney fees, brokerage commissions) and fees associated with transacting leases. In addition, clients are charged for annual audit reviews of the accounts, as well as any fees associated with tax preparation and filings made with the applicable tax authorities.

D. Timing of Fee Payments

LaSalle is paid for its services in arrears, generally on a quarterly basis in the case of advisory fees, or as the fees are incurred in the case of transaction fees. Incentive fees are payable on a periodic basis, quarterly or annually, after the designated threshold has been reached.

E. Receipt of Compensation for Sales

Certain LaSalle supervised employees are awarded an annual bonus that recognizes such employee's success in attracting capital to the firm, although the bonus takes into account other qualitative factors as well. No bonus for any LaSalle employee is guaranteed, and furthermore no employee has a preferred take on the bonus pool funds. The LaSalle bonus pool is a single pool that is derived from the revenue generated by LaSalle's advisory activities and no commission is charged to any LaSalle client or any individual fund investor.

Compensation practices that recognize capital raise success presents a conflict of interest based on the compensation received, rather than on a client's needs. LaSalle has generally addressed this issue by requiring individuals who are compensated in this manner to become licensed with LaSalle's affiliated broker-dealer and therefore become subject to FINRA's sales requirements, including those relating to suitability. Fund marketing materials also disclose that the applicable fund is distributed by LaSalle's affiliated broker-dealer and that the persons offering the fund on the broker-dealer's behalf are subject to conflicts of interest in offering the fund. Conflicts in the solicitation activities of separate account clients for real estate advisory mandates are mitigated by the financial sophistication of the investors and through such investors' representation by consultants and advisors. LaSalle itself is also motivated to maintain its strong reputation in the real estate investment community and incentivized to ensure investors understand LaSalle's investment strategies, processes and capabilities prior to accepting engagements. Lastly, potential investors have the ability to meet with senior members of the management team and to request additional information directly from the fund management team.

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

LaSalle manages certain client accounts that have both performance-based fee structures and non-performance-based fee structures. Performance-based fee structures are common in LaSalle funds and they also exist in certain separate account client agreements. In these payment structures, LaSalle generally would participate in the

portfolio's return once the client or fund investors have received a total return of a fixed percentage, which is usually based on an internal rate of return.

Managing client accounts with performance-based return fee structures side by side with client accounts without those structures generates conflicts of interest that may not exist with fee structures comprised solely of fixed fee arrangements. For example, an account with a performance based fee could incentivize LaSalle to focus greater attention on that account at the expense of other clients in order to maximize the return to LaSalle. Side-by-side management could also incentivize a management team to cause the client account to pursue greater risk in order to achieve higher returns to LaSalle. LaSalle believes the following factors help mitigate this conflict:

- A co-investment vehicle managed by a LaSalle affiliate co-invests in many structures that contain performance-based incentive fees, which further aligns LaSalle's interests with those of the client;
- LaSalle allocates investments among its clients on a rotational basis and in an open-book format, which allows clients to review the decision making process (see more detail below);
- Depending on the size of the account, it may have a separate dedicated asset management team that is not conflicted by side-by-side management issues;
- Client investment guidelines often restrict how LaSalle can allocate client money with respect to the type (i.e., industrial, office, apartment), strategy (i.e., Class A, Class B) and region; and
- LaSalle's Investment Committee monitors the purchase of properties and the performance of those assets on a regular basis.

Since some client accounts have similar investment guidelines, a particular investment opportunity may be appropriate for more than one account at the same time. LaSalle adopted allocation procedures to ensure it allocates real estate investments in a fair and transparent manner. LaSalle's general policy is to allocate investment opportunities in an open-book process so that each actively investing client receives an equitable share of allocations, including properties that ultimately are acquired. An allocation priority is established for each allocation meeting based on the time lapsed since each client's most recent allocation. The longer the interval, the higher the client's position is in the allocation queue. For those clients being considered for a specific allocation, the respective portfolio managers will be asked in descending order (i.e., starting with the client with the first priority and working down to the client with the least priority) if they wish to select a property for allocation. Properties will be allocated to the client which expresses an interest in selecting a property for allocation and which is ranked highest in the allocation queue. Consequently, it is possible for a client with a low allocation position to be awarded an allocation for a specific property if the higher ranked client is not willing to "spend" its allocation priority. If an "active client" has not selected an allocation for 13 weeks, it will be deemed to have made a selection and drop to the bottom of the rotation. This is intended to assure that clients are truly "active" and not occupying the top allocation spot for the "once in a year" deal. Any selections made

after the first selection in the first round of allocations will not impact the order of the queue. If there is no first selection in the first round made during an allocation meeting, the order of the queue will remain the same for the next allocation meeting regardless of whether there are any allocations made in the second, third, etc. rounds. When an allocation is made, the client to whom a property is allocated will drop to the bottom of the allocation queue for this and future meetings. This client will rise up in the allocation queue as other clients receive allocations.

Item 7. Types of Clients

LaSalle manages investment advisory accounts for separate account clients and co-mingled funds consisting primarily of direct equity investments in real estate. All of LaSalle's separate account clients are institutional investors, including public and private pension plans. LaSalle imposes investment minimums for its co-mingled funds on a fund-by-fund basis depending on, among other things, the target raise of the fund and the types of entities investing in the co-mingled fund. The minimum investment amount in co-mingled funds generally is \$5,000,000. Separate account clients are generally required to invest at least \$200,000,000.

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

A. Methods of Analysis and Investment Strategies

LaSalle characterizes its investment strategies generally as core, value-add and opportunistic. These strategies define the types of properties LaSalle will purchase on behalf of a client, as well as the duration of the holding of, and the amount of money that would be invested in, the asset. LaSalle's process for identifying assets for a client account is generally consistent across all strategies. Each client account is staffed with a Fund Management Team, which is comprised generally of a portfolio manager, an asset manager (or managers), a portfolio controller and individual analysts dedicated to the client. In some cases, depending on the size of the client, these teams and individuals have responsibility for more than one client. The portfolio manager is responsible for ensuring that the investment objectives of the client are being executed properly.

LaSalle's primary groups supporting its Fund Management Teams are its Research and Strategy Team, Acquisitions Team and Investment Committee. The Research and Strategy Team guides the investment process at both the macro ("top-down") and micro ("bottom-up") levels. A top-down approach is used to monitor local, regional, national and global economic and investment trends and to guide overall investment strategy. A number of databases and econometric forecasting models developed by LaSalle are also used to coordinate strategy and guide decision-making. Once appropriate investment opportunities have been identified, a bottom-up approach is used to closely examine the fundamentals impacting the potential real estate opportunity at a "micro" or submarket level. The bottom-up approach is also used, in some cases, to uncover and identify investment opportunities or risks that may not otherwise be known to the wider marketplace.

LaSalle's Acquisition Team is responsible for identifying potential acquisitions for clients. During the acquisitions process, LaSalle conducts physical, economic and legal

due diligence on all new investments as part of the underwriting process. Legal due diligence, including title and survey work, is conducted by external counsel. The economic due diligence process is led by the acquisitions officer responsible for sourcing the investment opportunity, working in conjunction with the Acquisition Team, Fund Management Team and legal counsel. Economic due diligence includes a review of all leases and tenant correspondence, tenant receivables, operating expenses, real estate taxes, recent capital expenditures and any pending litigation. Physical due diligence includes not only a physical review of the property and documents supporting the operation of the property, but environmental as well.

The Investment Committee is comprised of senior executives of LaSalle. The Investment Committee approves all property acquisitions prior to execution of the purchase on behalf of a client.

Investing in real estate and securities involves risk of loss that all clients should be prepared to bear. Although LaSalle generally does not invest in securities, investors in LaSalle's private funds generally would be deemed to be investing in a security, and they should be prepared to bear the risk of loss associated with investments in private funds.

B. Material Risks Involved for LaSalle's Investment Strategies

LaSalle believes that its investment strategies do not pose risks that are unique to those that are otherwise present in real estate investing generally.

C. Material Risks Involved Investing in Real Estate

We monitor risk at the portfolio and property levels with the goal of ensuring that appropriate risk mitigation measures are identified and executed. Both portfolio and property-level views are critical to achieving desired returns. At the portfolio level risks may include, but are not limited to:

- Geographic and property type concentration
- Economic base concentration
- Lease expiration schedules
- Financing and debt maturity schedules

Property-level risks may include, but are not limited to:

- Market risks, such as rising vacancies and falling rents or new competition
- Capital market risks, such as rising cap rates
- Availability and pricing of debt
- Excessive capital costs
- Tenant credit profiles
- Tenant sector profiles

Item 9. Disciplinary Information

Neither LaSalle nor its management persons have been involved in legal or disciplinary events that are responsive to Items 9.A, 9.B. or 9.C of Form ADV Part 2A. Neither LaSalle nor its management persons has any other or any other material legal or disciplinary events.

Item 10. Other Financial Industry Activities and Affiliations

- A. Some of LaSalle's management persons are registered representatives of a broker-dealer subsidiary of LaSalle. The subsidiary, LaSalle Investment Management Distributors, LLC, is directly wholly-owned by LaSalle and is a member of FINRA.
- B. Neither LaSalle nor any of its management persons are registered or have an application pending to register as a future commission merchant, commodity pool operator, a commodity trading advisor or an associated person of the foregoing entities.
- C. LaSalle has the following relationships with its affiliates that it believes are material to its business:

- 1. LaSalle Investment Management Distributors, LLC. LaSalle engages LaSalle Investment Management Distributors (“LIMD”) to distribute and/or market the securities of LaSalle-sponsored funds. The registered representatives of the broker-dealer are dual employees of LaSalle. Some dual employees are engaged both in LaSalle’s advisory activities and the brokerage activities of LIMD. Other dual employees dedicate 100% of their time to LIMD’s wholesaling activities associated with a public, non-traded REIT for which LaSalle is engaged as the advisor. LaSalle assumes the compensation costs of the registered representatives in accordance with an expense sharing agreement that is consistent with NASD Notice to Members 03-65.

Registered representatives of LaSalle Investment Management Distributors are incentivized to solicit investors for investments in LaSalle sponsored funds. LaSalle believes this risk is mitigated in part through its participation in the development of the marketing materials that are presented to investors. LaSalle sponsored funds are targeted generally to major institutional investors that have experience, or hire consultants who have experience with real estate investing. LaSalle itself is also motivated to maintain its strong reputation in the real estate investment community and incentivized to ensure investors understand LaSalle's investment strategies, processes and capabilities prior to accepting subscriptions. Lastly, potential investors have the ability to meet with senior members of the management team and to request additional information directly from the fund management team.

- 2. Jones Lang LaSalle Incorporated. LaSalle obtains investment real estate research from its sister affiliate entities operating under the Jones Lang LaSalle Incorporated family of subsidiaries. In addition, if permitted

under the applicable investment management agreement, LaSalle may engage its affiliates to perform property management and real estate related transaction services. In accordance with client documentation, LaSalle is generally required to hire affiliates on competitive terms and conditions and often as a result of a competitive bidding process and such transactions are generally required to be disclosed in accordance with fund documentation. Some clients also require affiliate transactions to be terminable upon thirty days notice.

- D. LaSalle does not recommend or select other investment advisers for our clients.

Item 11. Code of Ethics, Participation or Interest in Client Transactions (including Principal and Cross Transactions) and Personal Trading

- A. LaSalle's Code of Ethics ("Code") is designed to comply with Rule 204A-1 of the Adviser's Act. The Code prohibits, among other things, any LaSalle supervised person from (i) entering an order to make an investment that anticipates (i.e., front runs) or competes with a customer/fund order or investment, (ii) purchasing an interest in a private offering that invests in real estate without the prior approval of the CCO, and (iii) transacting in any security if the decision is based on material inside information. Additionally, the Code requires certain LaSalle employees ("Access Persons") to make initial (upon becoming subject to the Code) and annual securities holdings reports to LaSalle which identify all brokerage accounts in which the Access Person has any direct or indirect beneficial interest. These reports contain information about the securities held in such brokerage accounts. The Code also requires Access Persons to provide quarterly transaction reports to LaSalle or to instruct their brokers to provide duplicate confirmations for all securities transactions to LaSalle. LaSalle will provide any current or prospective client with the Code upon request.
- B. LaSalle sponsors private real estate funds and serves as the advisor to the funds it sponsors. Depending on the structure, a LaSalle affiliate would act as the general partner or managing member of the fund and/or its employees would serve in certain key capacities with the general partner. LaSalle would also be engaged to act as the adviser to the fund. During the fund-raising stage, LaSalle employees, such as the private real estate fund management team, would solicit fund investors. LaSalle addresses this conflict in part through the compensation structure of its fund management team, which is based in part on the performance of the fund itself. LaSalle also prepares its marketing materials consistent with the Advisers Act, and requires the material presented in its materials to be supported by data. LaSalle employees who are also registered representatives of LaSalle's affiliated broker-dealer, LaSalle Investment Management Distributors, also participate in a finder capacity to solicit institutional investors for LaSalle sponsored funds. As explained above, these individuals are incentivized to recommend LaSalle

funds to institutional investors because of the indirect compensation they may be awarded in the form of an annual bonus. These conflicts are addressed in part by their adherence to FINRA's suitability requirements and LaSalle's general motivation to admit only sophisticated investors to the applicable fund given the long-term investment horizon such a commitment requires.

A co-investment entity managed by an affiliate of LaSalle co-invests in LaSalle sponsored funds, as well as some separate accounts structured as partnerships. The co-investment entity invests in LaSalle-sponsored funds on terms and conditions comparable to those of other fund investors. LaSalle notes that some major investors in funds and many separate accounts condition their investment upon LaSalle's co-investment in the fund or alongside the separate account. In these cases LaSalle has an indirect interest in the fund and also serves as the adviser to the fund. LaSalle believes the co-investment structure aligns the interests of LaSalle with those of the fund investors. A conflict that may arise in this structure could be an event that causes the interest of LaSalle and its affiliates to diverge from those of the fund limited partners. LaSalle believes this conflict is mitigated generally through LaSalle's fiduciary obligations to act in the best interest of its clients. LaSalle believes that contractual limitations in the investment management agreements that govern LaSalle's activities as advisor, the necessity of maintaining LaSalle's strong reputation in the real estate investment advisory marketplace and the requirement of LaSalle's co-investment committee to place the interests of LaSalle's clients before the interests of LaSalle when managing LaSalle's investment in LaSalle sponsored funds also serve to ensure that LaSalle appropriately address client conflicts.

- C. LaSalle does not generally engage in principal or cross transactions. If LaSalle were to engage in principal or cross transactions, LaSalle would not, without obtaining the consent of such client prior to the settlement of such transaction: (i) as principal, sell an asset to, or buy an asset from, any client; or (ii) cause the client(s) to participate in a cross transaction in which LaSalle arranges for a client to buy an asset from, or sell an asset to, another client. In particular, LaSalle would not engage in such transactions without providing appropriate disclosure and obtaining the prior informed consent from the client(s).
- D. LaSalle recommends to clients from time to time investments in commercial paper, certificates of deposit and/or U.S. government securities for short-term cash management activities, which could be the same investments in which LaSalle may invest to manage cash proceeds received by LaSalle as a result of LaSalle's co-investment initiatives with its clients. LaSalle views this activity as a ministerial and administrative portion of its overall services and as a mechanism to protect client funds from bank failure risks. LaSalle generally does not charge any additional fees for its cash management activities.

In more limited situations, LaSalle may also direct client funds to purchase equity investments in the private real estate sector and opportunistic investments in private real estate loans, including participating loans. Similar to the paragraph immediately above, LaSalle's co-investment vehicle would also be the beneficiary of the advice that LaSalle would be providing to the fund.

- E. As a general matter, LaSalle and its related persons do not recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that LaSalle or its related persons buys or sells the same securities for LaSalle's or the related person's own account.

Item 12. Brokerage Practice

LaSalle generally does not provide investment management services with respect to publicly traded securities and as such this section is inapplicable to its services.

Item 13. Review of Accounts

LaSalle reviews client accounts and financial plans on a periodic basis. On an annual basis, LaSalle's Investment Committee reviews all client accounts based on a set of pre-established criteria that are reflected in the investment management agreements entered between LaSalle and the client, as well as the input from analysts and portfolio managers. The review includes performance, client objectives and guidelines, and other criteria relevant to the types of real estate assets held in the accounts.

In addition, on an annual basis, each portfolio manager prepares a portfolio level strategic plan for the upcoming year that is reviewed by the Investment Committee in order to establish performance standards and appropriate benchmarks. As part of the annual review of the portfolio, the portfolio's performance is then assessed and compared to the budget benchmarks and strategic plan for that portfolio and against the financial performance of the portfolio in prior years. Strategic plans are the basis for all investment decisions for the both the portfolio and underlying properties, focused on, but not limited to, the following items:

- Review and alignment of client objectives
- Performance against prior year's objectives
- Major lease expiration schedule and debt maturity schedule for the portfolio
- Updated cash flow and return projections
- Updated property valuations
- Hold/sell recommendations
- Key initiatives to be accomplished during the upcoming year

In addition to the annual plans described above, LaSalle's client teams prepare quarterly written reports to clients. The reports include unaudited financial statements, which are prepared and reviewed by internal accounting professionals. Year-end financial statements are audited by certified public accountants, most of which are one of the "big-four" accounting firms and all of which are AICPA independent of LaSalle and the account they are auditing. Capital items, including paid in capital, invested capital and distributions are reviewed by internal accounting professionals as transactions occur to ensure they are completed in accordance with the separate account or fund agreements and/or bylaws.

In general, written quarterly reports and financial statements are issued to clients between 45 and 60 days after quarter-end. Quarterly reports contain a high-level executive summary, financial schedules, property profiles and fair value based financial statements. Client financial statements detail the contributions, distributions and ownership amounts of each client's investment. Electronic quarterly reports and financial statements are provided to clients via a secured website. Email notifications are sent to clients when reports and statements are available. Hard copies are made available upon request.

Item 14. Client Referrals and Other Compensation

LaSalle does not have an arrangement with a non-client whereby LaSalle receives an economic benefit as a result of the non-client providing investment advice or other advisory services to our client(s).

As noted above in Item 10, LaSalle compensates its dual employees acting as registered representatives of LaSalle Investment Management Distributors, LLC through an expense sharing agreement for their efforts in distributing interests in LaSalle sponsored funds. LaSalle dual employees will not be acting as supervised persons of LaSalle at such times they are acting as registered representatives of the broker-dealer.

Item 15. Custody

To the extent that LaSalle has custody of client securities, it arranges for the qualified custodian(s) of client bank accounts associated with those securities (and which do not otherwise qualify for an exemption under Rule 206(4)-2(b) of the Advisers Act) to deliver bank account statements to clients, or an independent representative designated by the client, on at least a quarterly basis. Clients or the independent representative will receive these account statements directly from the qualified custodian in these cases. In all cases, clients that receive bank account statements from the qualified custodian should and are directed to carefully review the statements. In addition, LaSalle arranges for surprise examinations of client accounts by an independent public accountant for those client accounts (i) over which LaSalle has custody of both client securities and cash and (ii) which do not otherwise qualify for an exemption under SEC Rule 206(4)-2. LaSalle notes that in all cases client cash is held at banks that are qualified custodians as defined by SEC Rule 206(4)-2.

Clients may also require LaSalle to provide quarterly statements (please see Item 13 above) that provide transactional and financial information about the account. In addition to carefully reviewing the bank statements themselves, clients should and are directed to compare the bank statements with the quarterly account statements that are received from LaSalle.

Item 16. Investment Discretion

LaSalle accepts discretionary authority to manage accounts on behalf of clients. Limitations on this authority are reflected in a written investment advisory agreement between LaSalle and the client. Limitations vary among agreements, but customarily address the following points:

- Level of authority granted to LaSalle to purchase and dispose of real estate related assets
- Authority to effect leases and mortgage financing
- Authority to open bank accounts
- Use of affiliates to effect transactions
- Property type and class and geography
- Ability to make capital and tenant improvements
- Ability to hire third parties to perform obligations arising under the agreement
- Content and timing of written reports to the client
- Calculation of fees

LaSalle customarily does not execute other documentation to evidence its authority to execute transactions on behalf of the client's account.

Item 17. Voting Client Securities

LaSalle's primary business is to provide investment advisory services for direct real estate investing on behalf of institutional clients. These activities generally do not involve investments in publicly-traded securities and proxy voting services are not included in LaSalle's services to clients. Clients may obtain a copy of our proxy voting policies and procedures upon request.

Item 18. Financial Information

LaSalle does not require or solicit prepayment of any fees from its clients.

LaSalle does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.

LaSalle has not been the subject of a bankruptcy petition at any time during the past ten years.