

Inland Investment Advisors, Inc.

Client Brochure

This Brochure provides information about the qualifications and business practices of Inland Investment Advisors, Inc. ("Advisor"). If you have any questions about the contents of this Brochure, please contact us at (630) 218-8000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Inland Investment Advisors, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

2901 Butterfield Road
Oak Brook, IL 60523
(630) 218-8000

Registration of an Investment Adviser does not imply any level of skill or training.

February 20, 2014

Item 2: Material Changes

Material Changes since the Last Update

We have elaborated upon the disclosures in our previous brochure dated February 12, 2013, under Item 4(B) regarding the real estate expertise and types of services we provide to clients and under Item 11 regarding the conflicts of interest that may arise in the course of our providing such services. Specifically, in light of the additional types of services we have described under Item 4(B), we have added to, and elaborated upon, our description of the services provided by, and the relationships among, the various real estate-related businesses our Inland Group affiliates operate and how those relationships and the investment opportunities those businesses afford to our clients may create conflicts of interest for our officers, directors and employees so that you are aware of such conflicts before we recommend any such investments to you or make any such investments on your behalf. We have also noted the addition of Mitchell Sabshon, an experienced real estate executive and former investment banker, to our board of directors and described his positions at certain Inland Group businesses.

Annual Update

This Item 2 discusses only specific material changes, if any, that have been made to the Brochure and provides clients with a summary of any such changes. We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We will provide further information about material changes as necessary.

Full Brochure Available

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting us at (630) 218-8000. Also the Brochure is available on our new website at www.inlandgroup.com/iiia. This new website became available on January 14, 2014.

Additional information about us is also available via the SEC's website www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with the Advisor who are registered, or are required to be registered, as investment adviser representatives.

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Item 4: Advisory Business

A. Description of the Advisory Firm

The Advisor is an investment adviser registered with the SEC and established in June 1995. In this Brochure, all references to “we,” “our” and “us” refer to the Advisor. We are subject to Federal Regulations as administered by the SEC under the provisions of the Investment Advisers Act of 1940 (“Advisers Act”). We currently have full time staff and part-time members that perform investment advisory functions for clients. All of our employees are registered representatives of Inland Securities Corporation, a Delaware corporation (“ISC”). The Advisor is a wholly owned subsidiary of Inland Real Estate Investment Corporation, a Delaware corporation (“IREIC”) which is a wholly owned subsidiary of The Inland Group, Inc., a Delaware corporation (“TIGI”). Daniel L. Goodwin indirectly owns more than 25% of our firm through his ownership of TIGI.

B. Types of Advisory Services

We provide investment supervisory services to our clients. We evaluate the services provided to each of our clients based on their individual goals, risk tolerance levels and time horizon. Our investment advisory services include, but are not limited to the following:

Managed Portfolios of Publicly Traded REIT and Energy Industry Securities

We design and manage portfolios comprised of exchange-listed securities of REITs and companies focused in energy infrastructure. We attempt to customize each portfolio to meet the client’s specific investment objective, liquidity needs and risk tolerances. We believe our managed portfolios of listed securities are an ideal solution for clients who want real estate and energy exposure, typically illiquid asset classes, but require liquidity to meet their future cash flow or capital needs. We may recommend to clients or make investments for clients in securities such as:

- | | |
|--------------------------------------|--|
| ▪ Equity Securities: | ▪ Options contracts on: |
| ○ exchange listed securities | ○ securities |
| ○ securities traded over the counter | ○ commodities |
| ▪ Warrants | ▪ United States Government Securities |
| ▪ Corporate debt securities | ▪ Non-publicly traded real estate investment trusts (<i>i.e.</i> , SEC registered |

but not listed on a national exchange)

- Investment Company Securities
 - mutual fund shares
- Foreign Government Securities
- Partnerships investing in real estate
- Municipal Securities

Joint Venture Partnerships/ Direct Private Real Estate Investments

We provide our clients access to unique co-investment opportunities with real estate partners, sponsors and developers. The Inland Group's network of real estate partners provides deal flow and allows The Inland Group to source opportunities on a national level, across multiple property types, with specific emphasis on customized real estate strategies to meet the identified risk/return profile of our investment partners.

- Core Investments:

These investments are geared towards conservative investors who are seeking stabilized, well-located and leased income-producing properties with a lower risk return profile and commensurate returns depending on product type, location, term of lease(s) and credit quality of the tenant(s).

- Opportunistic Investments:

We offer alternative investment opportunities through joint ventures and co-investment arrangements, whereby qualified investors can participate directly in the development and/or redevelopment of commercial and residential real estate opportunities. These investments can include new development or "greenfield" projects.

- 1031 Exchange Opportunities:

In cooperation with Inland Private Capital Corporation ("IPCC"), a subsidiary of IREIC, we assist clients looking for customized 1031 exchange opportunities. IPCC is an originator and sponsor of 1031 real estate exchanges and manager of properties for both individual and institutional real estate investors. IPCC's portfolio includes single and multi-tenant commercial office, retail, industrial buildings and multi-family residential apartment communities.

Blended "Crossover" Portfolios

We offer blended portfolio construction designed to enhance returns for clients and improve cash flow management. Blended portfolios are a unique mix of public and private real estate investments that, in some cases, involve borrowing against a public real estate

portfolio to make direct real estate investments. A blended portfolio approach offers clients added diversification benefits, can improve the potential for enhanced returns, or serve as a valuable cash flow management tool. While the use of leverage increases risk, it can be a valuable tool in certain investment environments.

Collaborative Real Estate Advisory

We act as a sub-adviser to professionals that have a fiduciary obligation to clients, such as financial advisors, CPAs, investment consultants, CIOs of Family Offices and attorneys. Our collaborative advisory services help our clients broaden their real estate services and products by utilizing on our expertise.

C. Client Tailored Services and Client Imposed Restrictions

We make our full suite of investment supervisory services available to all of our clients. We then tailor the actual services provided to each specific client to reflect their individual Investment Guidelines (as discussed in Item 16 below). Clients of the Advisor may choose to have a discretionary agreement or non-discretionary agreement in place. A discretionary agreement states that the Advisor has full discretionary authority with respect to the investment and reinvestment of assets of the account, subject to Investment Guidelines. Discretionary clients of the Advisor may impose restrictions on investing in certain types of investments by providing written notice to the Advisor. In a non-discretionary agreement the Advisor must receive the consent of the client before any transactions are made.

D. Wrap Fee Programs

We do not participate in any wrap fee programs.

E. Amounts Under Management

We have the following assets under management:

Date Calculated:	Discretionary Amounts:	Non-Discretionary Amounts:
December 31, 2013	\$492,538,405	\$74,403,630

Item 5: Fees and Compensation

A. Fee Schedule

Our clients will pay us for the services to be rendered as described in our Advisory Agreement. Our fee schedule is attached as **Schedule A** to our Advisory Agreement with

each client and fee schedules are also attached to this Brochure as **Schedule A**. Our fees are negotiable and the fee schedule may be amended by the Advisor from time to time as agreed upon by the Advisor and client.

B. Payment of Fees

Clients may elect to be billed for fees or to authorize the Advisor to directly debit fees from client accounts. Fees must be paid monthly following the month in which they are provided. Accounts initiated or terminated during a month will be charged a prorated fee. Upon termination of any account all fees will be prorated to the date of termination.

C. Third Party Fees

All expenses relating to the investment of the assets of the client's account, including without limitation, brokerage commissions, transfer taxes and other fees and expenses in the purchase, sale or other disposition of such assets, shall be the sole responsibility of each client and will be payable from the client's account. These fees are separate and distinct from the fees and expenses charged by the Advisor.

Item 12 further describes the factors that Advisor considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

D. Prepayment of Fees

The Advisor does not require nor solicit prepayment or advance payment of fees from any client.

E. Outside Compensation for the Sale of Securities to Clients

Neither the Advisor nor any of our supervised persons accepts any outside compensation for the sale of securities or other investment products to the Advisor's clients.

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

The Advisor does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7: Types of Clients

We provide our investment supervisory services to the following types of clients:

- High-Net-Worth Individuals
- Banking or Thrift Institutions
- Trusts
- Corporations and Business Entities
- Family Offices
- Endowments
- Fiduciaries

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

The Advisor uses charting and fundamental analysis as its primary analysis methods. Within these two methods the Advisor's staff uses various sub-methods and information sources to conduct its analysis of the different sectors. These sub-methods and information sources include a variety of third-party research providers and analytical approaches designed to meet the investment objectives of each client.

Investment Strategies

The investment strategy for a specific client varies based upon each client's Investment Guidelines. For each client we may implement our targeted investment advice by employing one or more of the following strategies:

- long term purchases (securities held at least one year);
- short term purchases (securities sold within a year);
- trading (securities sold within 30 days);
- short sales;
- margin transactions; and
- option writing (including covered options, uncovered options and spreading strategies).

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Methods of Analysis

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. Past performance may not, in fact, be indicative of future performance.

Fundamental analysis attempts to predict the future price of a security issued by a business, or a security that derives its value from the price of another security issued by the business, by analyzing the financial statements and health of the business, its management and its competitive advantages, competitors and markets and the overall state of the economy. The risk involved in solely using this method is that past performance of a business, its managers and its competitors may not be not indicative of their future performance, and the behavior of markets and economies is very difficult to predict and is affected by a myriad of variables that may be difficult to measure and that are subject to random fluctuations.

Investment Strategies

All investment programs have certain risks which are borne by the investor. Short-term purchases, frequent trading, short sales, margin transactions, and option writing generally entail greater risk than a long-term buy-and-hold strategy, and clients should be aware that there is a chance of material risk of loss using any of those strategies. Frequent trading can affect investment performance particularly through increased brokerage and other transaction costs and taxes. Investors also face the following investment risks inherent in any investment strategy:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external

factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- Inflation Risk: When inflation is present, a given amount of a currency today will not buy as much as the same amount of that currency next year, because the purchasing power of the currency is eroding at the rate of inflation.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Reinvestment Risk: This is the risk that future proceeds from an investment may have to be reinvested at a potentially lower rate of return (*e.g.*, interest rate) than the rate that investment was expected to generate over a certain period of time. This risk primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who generally buy electricity no matter what the economic environment is like.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if they constitute a standardized product that interests many traders. For example, Treasury Bills are standardized and highly liquid, while real estate properties are not, because each piece of real property is unique.
- Financial Risk: Excessive borrowing to finance the operations of a business increases the risk of unprofitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- Leverage Risk: If we utilize margin transactions to increase purchasing power, the lending firm will charge interest for the money it lends to purchase securities on margin, and there is an increased risk of material loss. You can lose more funds than you deposit in the margin account. A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities in your account. If the equity in your account falls below the maintenance margin requirements under the law—or the firm's higher "house" requirements—the firm

may be able to sell the securities in your account to cover the margin deficiency. If there is still a shortfall in the account after such a sale, you will be responsible to cover the shortfall.

C. Risks of Specific Type of Securities Utilized

As mentioned above, we may utilize option writing and purchase and sell option contracts. Options trading is generally thought to entail a greater risk of capital loss than trading in equities directly, and clients should be aware that there may be an increased chance of material risk of loss related to option strategies. Risks related to trading in standardized option contracts are discussed in detail in a publication by the Options Clearing Corporation, Characteristics & Risks of Standardized Options, also known as the options disclosure document. As of January 1, 2014, it is available to download for free at the following internet address: <http://www.optionsclearing.com/about/publications/character-risks.jsp>.

Item 9: Disciplinary Information

We are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We and our management have not been the subject of any such legal or disciplinary events.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker-Dealer or Broker-Dealer Registered Representative

Neither the Advisor nor any of its management persons are registered, or have an application pending to register, as a broker-dealer. Our employees are registered representatives with our registered broker-dealer affiliate, ISC, and our president is a registered principal of ISC.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither the Advisor nor its representatives are registered, or have an application pending to register, as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

C. Relationships or Arrangements Material to our Advisory Business or Clients and Possible Conflicts of Interest

Each of the Advisor, ISC, IPCC and Inland Institutional Capital Partners Corporation (ICAP), is a wholly owned subsidiary of IREIC, which is a wholly owned subsidiary of TIGI. ICAP is an investment adviser registered with the SEC as of March 2012. Members of the Advisor's team will devote such time to the Advisor's clients as the Advisor, in its sole discretion, deems necessary to carry out the Advisor's responsibilities to them. A number of members of the Advisor's team, including the members of our Investment Committee other than Mr. Scherer, may spend a significant portion of their time on matters unrelated to the Advisor's clients, including by serving as officers, directors or employees of affiliates of IREIC, such as ISC and new and existing real estate investment trusts ("REITs") sponsored by IREIC. As a result of the foregoing, conflicts of interest may arise for members of the Advisor's team in allocating their time and energy. See the discussion under Item 11 below for potential conflicts of interest that might result from our relationship to the REITs and other real estate businesses and funds sponsored or managed by IREIC or its affiliates.

D. Recommendation or Selection of Other Advisers and How We Are Compensated for Those Recommendations or Selections

The Advisor does not recommend or select other investment advisers for our clients.

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

A. Code of Ethics

The Advisor has adopted a Code of Ethics (the "Code") for all of its supervised persons and Access Persons (as defined by Rule 204A-1 under the Advisers Act), including the Access Persons of all affiliates of the Advisor that provide services to, or for the benefit of, the Advisor. The Code states that our business is to be conducted in accordance with the highest ethical standards, and that Access Persons must (1) act in accordance with the highest standards of personal and professional integrity, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, (2) comply with all federal securities laws and governmental rules and regulations, (3) deter wrongdoing, (4) abide by Advisor's policies and procedures that govern the conduct of the Access Persons, and (5) promptly report violations of the Code to the appropriate persons. The Code sets out the principles and rules to which all Access Persons are expected to adhere and advocate in satisfying and meeting these standards. The Code is intended to reflect fiduciary principles that govern the conduct of Advisor and its Access

Persons in those situations where Advisor acts as an investment adviser as defined under the Advisers Act in providing investment advice to its clients.

It is impossible to anticipate, and the Code is not intended to address specifically, each matter, decision and circumstance with which the Access Persons may be confronted. If faced with any matter, decision or circumstance not addressed specifically by the Code, the Access Persons are, nevertheless, expected to observe the highest standards of business and personal ethics in the performance of their duties and responsibilities. All supervised persons, including Access Persons, are expected to read and be familiar with this Code. All supervised persons and Access Persons will be held accountable for their compliance with, and adherence to, this Code.

Advisor's clients or prospective clients may request a copy of the Code by contacting us at (630) 218-8000.

B. Recommendations Involving Material Financial Interests

The Advisor and related persons may recommend that clients buy or sell securities or investment products in which the Advisor or related persons have some financial or other interest. The Advisor will not make any such investments on behalf of a client without first disclosing its financial or other interest to the client to obtain the client's informed consent to the recommended purchase or sale. This disclosure may be accomplished by delivery of this Brochure or by other means.

The Advisor may invest client assets in securities issued by Inland Real Estate Corporation ("IRC") or Retail Properties of America ("RPAI") or securities that otherwise derive their value from the securities of IRC and RPAI. The Advisor may have divided loyalties in making investment decisions with respect to these investments. Daniel L. Goodwin, Mitchell A. Sabshon, Roberta S. Matlin and Michael Scherer are the members of the Advisor's investment committee (referred to throughout this brochure as the "Investment Committee"). Mr. Scherer is an employee of the Advisor. Messrs. Goodwin and Sabshon and Ms. Matlin are each directors of the Advisor and IREIC. Mr. Sabshon is also the Chief Executive Officer of IREIC. IRC and RPAI are real estate investment trusts that were sponsored by IREIC, and Mr. Goodwin is a director of IRC. Mr. Goodwin and Ms. Matlin own shares of the common stock of IRC and RPAI, each of which is traded on the New York Stock Exchange. This ownership may be disclosed in public filings with the SEC, to the extent disclosure is required by law. Copies of any such filings are available via the SEC's web site at www.sec.gov.

The Advisor may invest the assets of a client in securities issued by IRC and RPAI, if the Advisor believes such an investment is in a client's best interests. In considering whether to make an investment in IRC and RPAI common stock and, once made, how to manage it,

the Investment Committee members may, depending on the circumstances, have interests that conflict with the interests of the Advisor's clients. For example, as IRC and RPAI shareholders, Mr. Goodwin and Ms. Matlin will directly benefit from an increase in demand for, and any resulting increase in the market price of their IRC and RPAI shares. Thus, the Advisor may have an incentive to bid for and acquire shares of IRC and RPAI common stock with client assets to help create this increased demand and higher market price. Conversely, to the extent liquidity for IRC and RPAI common stock might be limited at a given offer price, and the members of the Advisor's Investment Committee who own their common stock desire to sell their common stock at the same time that it might be advantageous for the Advisor's clients to sell their common stock, the interests of these Advisor committee members in selling will conflict with the interests of the advisor's clients who also would benefit from selling.

IRC maintains a blackout policy to which its directors are subject to prevent even the appearance of impropriety and to prevent illegal insider trading of its securities. During these and any other periods in which Mr. Goodwin is in possession of material, non-public information regarding IRC, the Advisor's clients who own securities issued by IRC or securities that derive their value from securities issued by the company, will be without the benefit of Mr. Goodwin's expertise, skill and advice with respect to those investments.

In addition to the above potential conflicts, the Advisor's parent corporation, TIGI, maintains various business relationships with IRC. For example, certain subsidiaries of TIGI provide administrative services to IRC related to IRC's business operations, such as payroll preparation and management, data processing, insurance consultation and placement, property tax reduction services and mail processing. The TIGI subsidiaries provide these services to IRC at cost. IRC also leases its corporate office space from a subsidiary of TIGI. As mentioned above under this Item 11.B, Daniel Goodwin and Roberta Matlin are members of the Investment Committee of the Advisor. Mr. Goodwin is the controlling shareholder of TIGI, and Ms. Matlin and Mr. Sabshon are employees, officers or directors of various subsidiaries of TIGI. Each of TIGI and its affiliates and IRC has an interest in the ongoing financial health and success of the other. Thus, conflicts may exist between the financial interests of TIGI, its subsidiaries, the Advisor and the Advisor's management persons, on one hand, and the Advisor's clients, on the other hand, in connection with their respective investments in IRC or properties managed or the potential for investments in IRC's competitors.

To the extent the Advisor has disclosure obligations under federal securities laws or other laws regarding its beneficial ownership of, or transactions in, securities of publicly owned companies, the shares of its clients might be included in this disclosure and, depending on the circumstances surrounding ownership or a particular transaction, the client's identity

might need to be disclosed or the client may have its own disclosure or reporting obligation.

The Advisor is a wholly owned subsidiary of IREIC. IREIC sponsors and manages non-traded REITs, as well as other funds that invest in real estate and real-estate related assets in return for which IREIC and its affiliates are paid fees and other compensation. ISC earns fees for its participation in the offer and sale of the securities of non-traded REITs and other investment vehicles sponsored by IREIC. IREIC benefits from managing non-traded REITs and other entities it sponsors and from the sale of the securities they issue. The interest of IREIC and the Advisor, as IREIC's subsidiary, and the directors and employees of Advisor who manage IREIC in the success of these non-traded REITs and other entities that are or were sponsored by IREIC, such as IRC and RPAI, may conflict with the interests of the Advisor's clients.

IPCC assists real estate investors looking for 1031 exchange opportunities and cash investments in single and multi-tenant commercial office, retail and industrial buildings and multi-family residential apartment communities. IPCC earns fees and other compensation in connection with the management and purchase of properties acquired by investors. ISC earns commissions for acting as the sales agent in selling IPCC interests. IPCC is also a party to an agreement with IRC to facilitate investment opportunities using properties made available to the venture with IRC. Both IPCC and IRC earn fees or other compensation through their agreement, and each party has an interest in the ongoing financial health and success of the other. The Advisor may recommend its clients to participate in IPCC opportunities. Mr. Goodwin is a director of IPCC and IREIC and an indirect shareholder of IPCC and ISC. Ms. Matlin and Mr. Sabshon are directors of IPCC, IREIC and ISC, and Ms. Matlin is an officer of ISC. As such, they have an interest in steering investments to transactions that are managed by IPCC rather than its competitors, and therefore the interests of the directors and officers of the Advisor in these transactions may conflict with those of the Advisor's clients.

C. Investing Personal Money in the Same Securities as Clients

The Advisor and related persons may buy or sell securities that it recommends to its clients when doing so does not conflict with its fiduciary responsibility to its clients.

D. Trading Securities At or Around the Same Time as Clients' Securities

The Advisor and related persons may buy or sell securities for themselves at or around the same time as they buy or sell the same securities for their clients. When this occurs the Advisor and related persons will not enter an order for any security in which they have an order pending for an advisory client and will not use the market effect of a client's order to benefit the Advisor or any related person.

Item 12: Brokerage Practices

A. Factors Used to Select Broker-Dealers for Client Transactions and Determining Reasonableness of Compensation

We consider the following factors in selecting a broker-dealer: relatively low commissions, timeliness of trades and reporting ability. To the extent a broker-dealer may provide best execution for our clients considering all relevant factors, we will consider using the services of that broker-dealer in accordance with our fiduciary duties to our clients.

1. Research and Other Soft-Dollar Benefits

Broker-dealers provide us with reports that we use to service our clients. These reports are potentially beneficial to all of our clients, and soft-dollar benefits are not necessarily allocated to client accounts in proportion to the brokerage commissions they pay. When we use client brokerage commissions to obtain these reports we receive a benefit because we do not have to produce or pay for these reports ourselves. We may have an incentive to select or recommend using a particular broker-dealer based on our interest in receiving the reports, rather than on our clients' interest in receiving the most favorable execution of their trades.

2. Brokerage for Client Services

We receive no client referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. Directed Brokerage

We do not allow clients to direct us to use a specific broker-dealer to execute transactions. We execute transactions using a broker-dealer of our choice.

B. Aggregating (Block) Trading for Multiple Client Accounts

The Advisor shall adhere to the following policies in connection with aggregating orders for the purchase or sale of securities which involve transactions on behalf of clients:

- Disclosure: The Advisor must disclose its policies for order aggregation to its clients and the broker dealers through which the Advisor places aggregated orders.
- Best Execution: The Advisor has an obligation to ensure that its Clients receive the best execution for their trades. When evaluating the best execution for Client accounts, the Advisor may consider a number of factors including net price,

reputation of a broker and its financial strength and stability, efficiency and speed of executions, value of research provided and other matters, which include access to stock as an underwriter and grey market purchases of preferred stock.

- Equitable Client Transaction: The Advisor must not favor one client over any other and must permit each client that participates in an aggregated order to do so at the average share price for the Advisor's transactions in that security. Transaction costs for aggregated transactions must be shared *pro rata* based on each client's participation in the transaction.
- Allocation Statement: The Advisor must prepare, before entering an aggregated order, a written statement (the "Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients.
- Partial Fills - Pro Rata: If the aggregated order is filled in its entirety, the Advisor must allocate the order among its clients in accordance with the Allocation Statement. If the order is partially filled, it will be allocated *pro rata* based on the Allocation Statement. There may be some circumstances where the automatic *pro rata* allocation may be inappropriate. If an order is unreasonable as measured against a particular account's asset size, an exception to the order size method of allocation may be appropriate. The reasonableness will be assessed by a review of the investment guidelines of the particular account conducted by the Investment Committee and communicated to the investment team.
- Diverging from the Allocation Policy: Notwithstanding the foregoing requirements, the Advisor may allocate the order on a different basis from that specified in the Allocation Statement, provided that all client accounts receive equitable treatment, and the reason for the different allocation is documented.
- Books and Records: The Advisor must maintain and preserve books and records that reflect separately for each client account the orders that are aggregated and the securities held by, and bought and sold for, each account.
- Pooling: The Advisor must deposit the clients' funds and securities with one or more banks or broker dealers, and the client's cash and securities cannot be held collectively any longer than necessary to settle the trade on a delivery versus payment basis. In addition, cash or securities held collectively for clients will be delivered to the custodian bank or broker dealer as soon as practicable following settlement.
- Compensation: The Advisor will not receive any additional compensation or remuneration of any kind as a result of aggregation.

- Individualized Investment Advice: The Advisor will provide individualized investment advice and attention to each advisory client.
- No Aggregation of Transactions Involving Firm Affiliates: All transactions for which the Advisor will aggregate will involve only transactions for clients.
- Allocation of Orders: The Advisor will allocate securities (*i.e.*, apportion the securities involved in a transaction to the accounts for which an aggregated order was placed) in compliance with the Advisor's fiduciary duties to its clients, which means that all allocations will be done on a fair and equitable basis. The Advisor will provide a written allocation statement to participating clients specifying the order of allocation among them.

In the event that an error should occur in connection with a transaction made on behalf of a client, the Advisor must be fair to all clients and no client must be disadvantaged because of any trading error. In the event of a trading error, the Advisor will immediately notify the client and advise the client as to how the Advisor will correct the trading error. The Advisor will establish an error account as a separate account through which all trading errors will be entered. All profits and losses incurred in the error account shall be to the benefit or detriment of the Advisor.

Item 13: Review of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

The review of all accounts will usually be conducted weekly by Roberta S. Matlin, who is the president and a director of the Advisor and a member of the Investment Committee, or Suzanne I. Ballek, who is responsible for the accounting and compliance of the Advisor.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may also be triggered by material market, economic or political events, or by changes in a client's financial situation of which the Advisor is aware.

C. Content and Frequency of Regular Reports Provided to Clients

Each month we provide our clients with a compiled statement of assets and liabilities and the related statement of their investments and cash receipts and cash disbursements, adjusted to reflect market value, in accordance with statements on standards for accounting and compilation services issued by the American Institute of Certified Public Accountants.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients

We do not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our clients.

B. Compensation to Non-Advisory Personnel for Client Referral

The Advisor does not directly or indirectly compensate non-Advisor personnel for client referrals.

Item 15: Custody

The Advisor does not have custody of client funds or securities; however, clients receive (at least quarterly) statements from the broker-dealer that holds and maintains the client's investment assets. The Advisor also sends statements monthly as to portfolio activity and valuation that are generated from information provided by a third party, which is not verified by us. Also our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. We encourage you to carefully review such statements and compare official custodial records from broker-dealers to the account statements that we may provide to you.

Item 16: Investment Discretion

A client's investment advisory agreement may provide the Advisor with full discretionary authority with respect to the investment and reinvestment of assets, subject to any investment guidelines that are given. When the Advisor deems it is appropriate, without prior consultation with, or notification to, the client, the Advisor may, (a) purchase, sell, exchange, convert and otherwise trade in securities, including but not limited to money market instruments, mutual funds, stocks, options and warrants, on margin or otherwise, (collectively, "Investments"), for such prices, at such times and on such terms as the Advisor, in its sole discretion, deems advisable; (b) place orders for the execution of transactions with or through brokers, dealers or issuers the Advisor selects in its sole discretion, including a broker-dealer with whom the Advisor is related; (c) render, furnish and provide advice, analyses and other information concerning the retention, monitoring, performance or termination of other investment advisers or asset managers; (d) negotiate on the client's behalf the terms and conditions of agreements, and execute and deliver all such agreements and ancillary documents incidental thereto, in each case that are necessary to open accounts in the name or for the benefit of a client with such brokers, dealers, managers, issuers or custodians as the Advisor may select with respect to the

client's account; and (e) act on a client's behalf in all matters necessary or incidental to servicing the client's account, including all transactions for the account. Each client will furnish the Advisor with all additional powers of attorney and other documentation, if any, necessary to appoint the Advisor as agent and attorney-in-fact with respect to the account, but such powers shall not be construed to authorize the Advisor to take any action not authorized by the client's Advisory Agreement.

Discretionary authority can be revoked by a client pursuant to written notice to Advisor or through the termination of the Advisory Agreement pursuant to the terms in the agreement. Revocation shall not affect transactions entered into prior to such revocation.

The assets of the client's account will be held by the clearing firm, broker-dealer, bank, trust company or other entity designated and appointed by Advisor and acceptable to the client as custodian of the account ("Custodian"). All Investments held in the client's account may be registered in the name of a client or its nominee or held in street name. The custodian is responsible for the physical custody of the assets of the account; for the collection of any interest, dividends or other income attributable to the assets of the account; and for the exercise of rights and tenders on assets of the account. Advisor is not responsible for any loss incurred by reason of any act or omission of Custodian; provided, however, that Advisor will make reasonable efforts to require that Custodian perform its obligations with respect to the account.

Each client is responsible for informing Advisor, in advance and in writing, of any investment or other guidelines, objectives, restrictions, conditions, limitations or directions applicable to, as well as any cash needs of, the client's account, from time to time ("Investment Guidelines"), and of any changes or modifications to any such Investment Guidelines; provided, that any change or modification to the Investment Guidelines shall become effective only after at least fifteen (15) days' advance notice to Advisor (unless Advisor expressly consents to a shorter time period). Each client must give Advisor prompt written notice if a client deems any Investments made or actions taken on behalf of the account to be in violation of the Investment Guidelines. Compliance with the Investment Guidelines shall be determined on the date of purchase for an Investment, based upon the price and characteristics of the Investment on the date of purchase compared to the value of the account as of the most recent valuation date; the Investment Guidelines shall not be deemed breached as a result of changes in value or status of an Investment following purchase. Each client agrees to furnish promptly, or to cause a client's Custodian or agent to furnish, to Advisor, all data and information required to be furnished to Advisor under the Advisory Agreement. Advisor shall have no responsibility with respect to the prudence of the Investment Guidelines relative to the client's total investment portfolio, the overall diversification of the client's assets or with respect to any assets of the client other than those in the account.

Item 17: Voting Client Securities

The Advisor shall vote its clients' proxies and maintain proxy records pursuant to applicable SEC rules and regulations. The Advisor shall designate a Proxy Voting Coordinator to vote client proxies related to client accounts. All proxies and ballots received by the Advisor will be forwarded to the Proxy Voting Coordinator and then logged in upon receipt in a database. There may be situations in which the Advisor cannot vote proxies. For example, the Advisor does not have the power to vote the shares of IRC in accounts of the officers and directors of the Advisor, and if the cost of voting a foreign proxy outweighs the benefit of voting, the Proxy Voting Coordinator may refrain from processing that vote. Although the Advisor may hold shares on a company's record date, should it sell them prior to the company's meeting date, the Advisor ultimately may decide not to vote those shares.

Please note that the policies and procedures outlined below may not cover all proposals included in clients' proxy materials. Often proposals may arise that are not covered in our Proxy Voting Policy and Procedures. In these cases the, Advisor will vote proxies on a case-by-case basis, consistent with its fiduciary duty.

Prior to voting, the Proxy Voting Coordinator will verify whether voting the client's proxy is subject to any limitations or guidelines issued by the client. The Proxy Voting Coordinator will verify whether an actual or potential conflict of interest exists in connection with the subject proposal(s) to be voted upon.

If any limitation or actual/potential conflict is found to exist, the Proxy Voting Coordinator will:

- Prepare the Conflict Notice giving full detail of the actual or potential conflict and present this notice to the President of the Advisor;
- Notify the client of the actual or potential conflict;
- Forward to the client upon our receipt the proxy which client will vote directly; and
- Suggest the client either vote the proxy directly or engage another party to determine how the proxies should be voted.

The following describes the standard procedures that are to be followed with respect to the Advisor voting proxies on behalf of its clients:

1. All proxy materials received will be recorded immediately by the Proxy Voting Coordinator in a database to maintain control over such materials.

2. The Proxy Voting Coordinator will review information on each proxy upon receipt of any research information obtained.
3. The Proxy Voting Coordinator will present proxy information to the Investment Committee.
4. In determining how to vote, the Proxy Coordinator will carefully review the proposal(s) presented on the ballot and recommendations from the Investment Committee.
5. The Advisor may cause the client to abstain from voting if abstaining is determined by the Advisor to be in the best interest of the client under the circumstances.
6. The Proxy Voting Coordinator is responsible for maintaining the documentation that supports the Advisor's voting position.

Periodically, but no less than annually, the Advisor will:

1. Verify that all annual proxies for the securities held in the client's account have been received;
2. Verify that each proxy received has been voted in a manner consistent with the Proxy Policies and Procedures and the guidelines (if any) issued by the client (or in the case of an employee benefit plan, the plan's trustee or other fiduciaries);
3. Review the files to verify that records of the voting of the proxies have been properly maintained; and
4. Review compliance with client requests for obtaining information from the Advisor on how proxies were voted.

Client proxy voting records along with policies and procedures will be provided upon request, which may be made by calling us at (630) 218-8000.

Item 18: Financial Information

A. Balance Sheet

We do not require nor solicit prepayment of fees from any client in advance and therefore do not need to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

We have no financial commitments that are reasonably likely to impair our ability to meet contractual and fiduciary commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

We have not been the subject of a bankruptcy petition in the last ten years.

Discretionary Account Fee Schedule (non-REIT clients)

SCHEDULE A
TO INVESTMENT ADVISORY AGREEMENT
DATED _____, _____
BETWEEN
INLAND INVESTMENT ADVISORS, INC ("Adviser")
AND
_____ ("Client")

1. This Schedule A may be amended from time to time by Adviser upon 30 days' written notice to Client.

2. **Fee Schedule As of _____:**

Client shall pay or cause to be paid to Adviser as remuneration for its services under this Agreement a percent per annum based on the schedule below as an investment management fee on all assets under management.

A. as an investment management fee on all equity assets under management:

- from \$0 - \$10,000,000 fee is 1 percent (1.0%) of assets
- from \$10,000,001 - \$25,000,000 fee is 90 basis points (.90%) of assets
- from \$25,000,001 - \$50,000,000 fee is 80 basis points (.80%) of assets
- over \$50,000,000 fee is 75 basis points (.75%) of assets

In addition, Client will be responsible for any third party fees and charges as described in Section 11 of the Agreement. The advisor fee will be computed and due monthly based on the average daily net asset value. The fee will be deducted from cash available in the account, and if there is no cash available, asset(s) will be sold in an amount equal to the payment due.

Discretionary Account Fee Schedule (REIT clients)

SCHEDULE A
TO INVESTMENT ADVISORY AGREEMENT
DATED _____, _____
BETWEEN
INLAND INVESTMENT ADVISORS, INC ("Adviser")
AND
_____ ("Client")

1. This Schedule A may be amended from time to time by Adviser upon 30 days' written notice to Client.

2. **Fee Schedule as of _____:**

Client shall pay or cause to be paid to Adviser as remuneration for its services under this Agreement a percent per annum based on the schedule below as an investment management fee on all assets under management.

A. as an investment management fee on all equity assets under management:

- from \$1,000,000 - \$5,000,000 fee is 1 percent (1.0%) of assets
- from \$5,000,001 - \$10,000,000 fee is 85 basis points (.85%) of assets
- from \$10,000,001 - \$25,000,000 fee is 75 basis points (.75%) of assets
- from \$25,000,001 - \$50,000,000 fee is 65 basis points (.65%) of assets
- from \$50,000,001 - \$100,000,000 fee is 60 basis points (.60%) of assets
- over \$100,000,000 fee is 50 basis points (.50%) of assets

3. In addition, Client will be responsible for any third party fees and charges as described in Section 11 of the Agreement. The advisor fee will be computed and due monthly based on the average daily net asset value. The fee will be deducted from cash available in the account, and if there is no cash available, asset(s) will be sold in an amount equal to the payment due.

Non-Discretionary Account Fee Schedule

**SCHEDULE A
TO INVESTMENT ADVISORY AGREEMENT
DATED _____
BETWEEN
INLAND INVESTMENT ADVISORS, INC ("Adviser")
AND
_____ ("Client")**

1. This Schedule A may be amended from time to time by Adviser upon 30 days' written notice to Client.

2. **Fee Schedule As of _____:**

Client shall pay or cause to be paid to Adviser as remuneration for its services under this Agreement 50 basis points per annum as an investment management fee on all assets under management.

In addition, Client will be responsible for any third party fees and charges as described in Section 11 of the Agreement. The advisor fee will be computed and due monthly based. The fee will be deducted from cash available in the account, and if there is no cash available, the Client will be invoiced for payment due.