

**Item 1 – Cover Page**

**Part 2A of Form ADV  
Brochure for:**

**Land & Buildings Investment Management LLC**

**1 Landmark Square, 7<sup>th</sup> Floor  
Stamford, CT 06901  
(203) 987-5830  
[www.landandbuildings.com](http://www.landandbuildings.com)**

**March 30, 2015**

**This brochure provides information about the qualifications and business practices of Land & Buildings Investment Management. If you have any questions about the contents of this brochure, please contact us at (203) 987-5830. 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.**

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

**Additional information about Land & Buildings Investment Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2 – Material Changes**

Since our last filing in March 2014, there have been no material changes to the firm’s brochure. This annual amendment updates Item 4 – Regulatory assets under management.

**Item 3 – Table of Contents**

<b>Item 1 – Cover Page .....</b>	<b>i</b>
<b>Item 2 – Material Changes.....</b>	<b>ii</b>
<b>Item 3 – Table of Contents.....</b>	<b>iii</b>
<b>Item 4 – Advisory Business .....</b>	<b>1</b>
<b>Item 5 – Fees and Compensation .....</b>	<b>1</b>
<b>Item 6 - Performance-Based Fees and Side-By-Side Management.....</b>	<b>2</b>
<b>Item 7 – Types of Clients.....</b>	<b>3</b>
<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....</b>	<b>3</b>
<b>Item 9 – Disciplinary Information .....</b>	<b>14</b>
<b>Item 10 – Other Financial Industry Activities and Affiliations .....</b>	<b>14</b>
<b>Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>14</b>
<b>Item 12 – Brokerage Practices.....</b>	<b>16</b>
<b>Item 13 – Review of Accounts.....</b>	<b>17</b>
<b>Item 14 – Client Referrals and Other Compensation .....</b>	<b>17</b>
<b>Item 15 – Custody .....</b>	<b>18</b>
<b>Item 16 – Investment Discretion .....</b>	<b>18</b>
<b>Item 17 – Voting Client Securities .....</b>	<b>18</b>
<b>Item 18 – Financial Information .....</b>	<b>18</b>
<b>Item 19 – Requirements for State-Registered Advisers .....</b>	<b>19</b>

**Item 4 – Advisory Business**

**Description of the Advisory Firm.** Land & Buildings Investment Management (“**Land & Buildings**”) is a Delaware limited liability company that was formed in June 2008 primarily for the purpose of sponsoring and managing pooled investment vehicles. Jonathan Litt is the Managing Member of Land & Buildings. The pooled investment vehicles sponsored and managed by Land & Buildings, include Land & Buildings Capital Growth Fund LP, (“**L&B Capital Growth**”) a Delaware limited partnership, L&B Onshore Fund LP, (“**L&B Onshore**”) a Delaware limited partnership, L&B Offshore Fund Ltd, (“**L&B Offshore**”) a Cayman Islands based company (collectively referred to as the “**Funds**”). In addition, Land & Buildings provides advisory services to separately managed accounts (collectively referred to as the “**SMAs**”).

**Description of Advisory Services.** Land & Buildings provides portfolio management services for the Funds and SMAs. Land & Buildings manages the portfolios of the Funds and SMAs on a discretionary basis according to the investment objectives and investment strategies described in the Funds’ offering documents and the agreements entered into with the SMAs.

**Client Tailored Services and Client Imposed Restrictions.** Land & Buildings generally does not tailor its portfolio management services to the individual needs of investors in the Funds or SMAs.

**Wrap Fee Programs.** Land & Building does not participate in wrap fee programs.

**Assets Under Management.** As of December 31, 2014 Land & Buildings had \$182.9 million of regulatory assets under management on a discretionary basis and no regulatory assets under management on a non-discretionary basis.

**Item 5 – Fees and Compensation**

**Management Fee.** For its services in evaluating, selecting and, where appropriate, negotiating investments for the Funds, and otherwise managing and administering the Funds’ activities and affairs, the Funds will pay Land & Buildings a quarterly Management Fee. The Management Fee is typically 0.5% (2.0% per year). The Management Fee is payable in advance based on the net asset value of each capital account of each investor on the first day of the Fiscal Quarter. For purposes of determining the Management Fee, Land & Buildings values the Funds’ assets in good faith and has engaged its Administrator, Conifer Securities, to provide independent third party valuation of the securities. The Management Fee is prorated for Fund investors who contribute capital to a Fund during a quarter. Land & Buildings may waive all or any portion of this Management Fee with respect to any investor in any Fiscal Quarter. Please consult each individual Fund’s offering documents for complete information regarding calculation and payment of the Management Fee. For SMAs, Land & Buildings generally charges a Management Fee of 0.5% (2.0% per year), which is subject to negotiation.

**Profit Allocation.** Land & Buildings will also receive a Profit Allocation from investors’ capital accounts in the Funds. The Profit Allocation with respect to each capital account of each investor in a Fund is generally 20% of the profits (including realized and unrealized gains and losses) of the Fund (in accordance with traditional high watermark treatment). Thus, losses incurred with respect to a capital account prior to the current fiscal year must be recouped before a Profit Allocation is made with respect to that capital account in the current fiscal year.

Land & Buildings may waive all or any portion of the Profit Allocation with respect to any investor in any Fund in any fiscal period. Please refer to the individual Fund's offering documents for complete information regarding allocations of profits and losses and calculation of the Profit Allocation. For SMAs, Land & Buildings will also generally receive a Profit Allocation with respect to each capital account of each investor in a SMA of 20% of the profits, which is subject to negotiation.

The Performance Fee or Allocation is only allocated to investors and clients who are qualified clients and in accordance with Rule 205-3 under the Investment Advisers Act of 1940.

**Expenses.** Each Fund and SMA will pay or reimburse Land & Buildings for all costs and expenses incurred by or on behalf of each Fund or for its benefit, including all organizational expenses of the Funds and SMAs, any expenses incurred in connection with the offer and sale of Fund Interests, and the operating expenses of the Funds and SMAs (including brokerage commissions, order management systems, execution management systems and other transaction related compensation arising out of transactions involving assets of the Funds; interest on margin and other borrowings; interest and other borrowing charges on securities sold short; custodial fees; research fees and expenses, including for data and research subscriptions used to identify investments, legal, accounting and audit fees and expenses; administration fees and expenses; tax preparation fees and expenses; governmental fees and withholding, transfer and other taxes; accounting, bookkeeping, appraisal and other professional fees; filing fees; costs of reporting; costs of governance activities; travel and other expenses relating to sourcing and investigating investment opportunities; the cost of insurance, including D&O and E&O insurance; extraordinary expenses; and all other expenses related to the management and operation of the Funds and/or the purchase, sale or transmittal of assets of the Funds, as shall be determined by Land & Buildings in its reasonable discretion).

The Funds and SMAs may each amortize their respective organizational expenses over a sixty-month period. Although amortization of such expenses over a sixty-month period is a divergence from generally accepted accounting principles ("GAAP"), Land & Buildings may determine that doing so is more equitable than requiring the initial investors in the Funds, as applicable, to bear all of such expenses as would otherwise be required under GAAP. Land & Buildings may, in the alternative, elect to adjust the financial statements for the Funds to be in accordance with GAAP.

Except as described in the previous paragraphs, Land & Buildings will bear its own operating, general, administrative and overhead costs and expenses.

### **Item 6 - Performance-Based Fees and Side-By-Side Management**

Land & Buildings charges a performance-based fee—that is a fee based on a share of capital gains on or capital appreciation of the assets of each Fund—in the form of a Profit Allocation. See "Profit Allocation" under "Item 5 – Fees and Compensation" above.

The Profit Allocation provisions creates an incentive for Land & Buildings to make Fund investments that are riskier or more speculative than would be the case in the absence of Profit Allocations to Land & Buildings based on performance of the Funds.

Differences in Land & Buildings' compensation arrangements with its clients, particularly if some clients were to pay higher performance-based compensation, could create incentives for Land & Buildings to manage client portfolios so as to favor those portfolios of clients paying higher performance-based compensation, as could Land & Buildings' ownership interest in some client accounts. Notwithstanding these conflicts, Land & Buildings will allocate transactions and

opportunities among the various client accounts it manages in a manner it believes to be as equitable as possible, considering each account's objectives, programs, limitations and capital available for investment, but even accounts with similar objectives will often have different investment portfolios.

### **Item 7 – Types of Clients**

Land & Buildings' clients include pooled investment vehicles that it sponsors, including L&B Capital Growth, L&B Onshore and L&B Offshore, as well as SMAs. SMAs include accounts for corporations, individuals and nonprofit organizations.

The minimum investment for the Funds is \$1,000,000, and the additional investment is \$250,000, which may be waived. There is no minimum amount for opening and maintaining an SMA.

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

**Investment Objective.** Land & Buildings will implement the investment objectives of the Funds and SMAs, as described in each Fund's individual offering circular and investment advisory agreements for SMAs. Generally, the investment objective of the Funds and SMAs is to generate attractive absolute returns by investing in a diversified long/short portfolio made up principally of publicly-traded equity securities of real estate related companies and companies with significant real estate holdings, with the goal of providing low correlation and low volatility with other equity and alternative strategies. There can be no assurance that the investment objectives of the Funds or SMAs will be achieved.

**Types of Investments.** Land & Buildings is principally focused on investing in equity securities, including but not limited to common stocks, preferred stocks, convertible securities, warrants, stock purchase rights, depository receipts, and shares of investment companies, and other equity related interests, including synthetic long/short positions. However, Land & Buildings may also invest in other securities and instruments. Land & Buildings may also engage in a wide range of transactions designed to enhance returns, such as securities lending and repurchase agreements, and may employ active portfolio management strategies both as a hedge against volatility and to seek to produce additional income and capital appreciation. Land & Buildings may also engage in the use of futures contracts and related options and purchase or sell other commodities. Land & Buildings invests globally and may invest without limitation in the securities of non-U.S. issuers.

Land & Buildings does not invest directly in real estate or to make investments in securities that are not publicly traded if at the time of investment such securities are determined to be illiquid.

Land & Buildings may invest its excess funds in government securities, money market funds, certificates of deposit and bankers' acceptances and other money market instruments.

**Investment Strategy.** Land & Buildings employs a combination of top-down and bottom-up analysis in its investment decision making for long positions and short positions. Long positions seek to take advantage of opportunities where the quantitative and qualitative analysis suggests the shares are undervalued relative to the company's earnings power and/or underlying asset value. Short positions will seek to take advantage of opportunities where the quantitative and qualitative analysis suggests the shares are overvalued relative to their earnings power and/or underlying asset value.

You should refer to each individual Fund's confidential offering circular and other offering documents for complete investment objective and strategy information.

**Risk of Loss** An investment in the Funds or SMAs involves a variety of risks that each prospective investor and client should carefully consider before making a decision to invest, including risks customarily associated with investing in equity securities. The risk factors and special considerations set forth below do not purport to be a complete discussion of the risks. You should refer to each individual Fund's confidential offering circular and other offering documents before determining whether to invest.

### **General Business Risks**

**Reliance on Key Personnel.** Land & Buildings relies heavily on Jonathan Litt's experience, and should he become incapacitated or in some way cease to participate in Land & Buildings, the investment performance could be adversely affected.

### **Risks Relating to Investment Strategy**

**Risk of Loss of Capital.** The performance of the investment securities are subject to many factors over which Land & Buildings may have limited or no control. The possibility of loss of capital, including the complete loss of capital, will exist, and prospective investors should not invest unless they can bear the consequences of such loss.

**General Economic and Market Conditions.** General economic or market conditions may adversely affect the clients of Land & Buildings. In addition, a downturn or contraction in the economy or in the capital markets, or in certain industries or geographic regions thereof, may restrict the availability of suitable investment opportunities and/or the opportunity to liquidate any such investments, each of which could prevent the clients of Land & Buildings from meeting their investment objectives. A general economic downturn could also result in the diminution or loss of the investments. The real estate industry is particularly sensitive to economic downturns.

**Risks Relating to Land & Buildings' Individualistic Investment Approach.** As described herein, Land & Buildings relies primarily upon its own research, analysis and ultimately, judgment in identifying securities which, for a variety of reasons, may be obscure, mispriced or misunderstood by the general investment community. Success of such an investment strategy depends on the market eventually recognizing such value in the price of the security, which may not occur. The investments made by Land & Buildings may undergo significant shorter-term declines and experience considerable price volatility. These investment portfolios are not subject to fixed investment restrictions as to revenues, earnings or other fundamentals. Accordingly, Land & Buildings may invest in companies that may involve an increased level of general investment risk. Portfolio investments may include some speculative securities. Accordingly, clients of Land & Buildings must be prepared to assume the risks inherent in such speculative investments. In addition, since Land & Buildings relies primarily upon its own research and analysis in making investment decisions, clients of Land & Buildings will be particularly dependent upon the investment skills and abilities of Land & Buildings' investment professionals, in particular, Mr. Litt.

**Industry Concentration; Risks of Real Estate Investments.** An investment with Land & Buildings is not intended to constitute a complete investment program and should represent only a portion of an investor's portfolio management strategy. Land & Buildings invests primarily in REITs, REOCs, other real estate related companies and companies with significant real estate holdings and, therefore, is expected to involve more risk than a portfolio of securities that is not

concentrated in a particular industry. In addition, Land & Buildings will be subject to risks of the type associated with the direct ownership of real estate (in addition to securities market risks) such as decreases in real estate values, occupancy rates, overbuilding, increased competition and other risks related to local or general economic conditions, increases in operating costs and property taxes, casualty or condemnation losses, the impact of present or future environmental legislation and compliance with environmental laws, possible environmental liabilities, regulatory limitations on rent and fluctuations in rental income, the ongoing need for capital improvements (particularly in older properties), adverse changes in governmental rules and fiscal policies, civil unrest, acts of God, including earthquakes and other natural disasters (which may result in uninsured losses), acts of war, adverse changes in zoning laws, and other factors which are beyond the control of Land & Buildings. The impact of changes in underlying real estate values may be exaggerated to the extent Land & Buildings concentrates investments in particular geographic regions or property types. Equity REITs generally experience these risks directly through fee or leasehold interests, whereas mortgage REITs generally experience these risks indirectly through mortgage interests, unless the mortgage REIT forecloses on the underlying real estate.

REITs and other real estate related companies in which Land & Buildings invests may be affected by changes in underlying real estate values, which may have an exaggerated effect to the extent that companies in which Land & Buildings invests may concentrate their investments in particular geographic regions or property types. Additionally, rising interest rates may cause investors in such securities to demand a higher annual yield from future distributions, which may in turn decrease market prices for such securities. Rising interest rates also generally increase the costs of obtaining financing, which could affect the operations of portfolio companies and cause the value of investments made by Land & Buildings to decline. During the periods of declining interest rates, certain mortgage REITs may hold mortgages that the mortgagors elect to prepay, which prepayment may diminish the yield on securities issued by such mortgage REITs. In addition, mortgage REITs may be affected by the ability of borrowers to repay when due the debt extended by the REIT and equity REITs may be affected by the ability of tenants to pay rent.

REITs, REOCs and other real estate related companies are dependent upon specialized management skills, have limited diversification and are, therefore, subject to risks inherent in operating and financing a limited number of projects. REITs are also subject to self-liquidation, the market's perception of the REIT industry generally, and the possibility of failing to qualify for advantageous tax treatment under the Code or applicable foreign law, as the case may be, or maintaining exemption from registration under the 1940 Act.

**Lack of Diversification.** A relatively high percentage of assets invested by Land & Buildings may be invested in the securities of a limited number of issuers. Investing a significant portion of assets in a limited number of issuers, industries or geographic regions makes the clients of Land & Buildings significantly more susceptible to risks affecting investments in such issuers, industries or geographic regions. As such, clients of Land & Buildings may be more susceptible to any single economic, political or regulatory occurrence than the portfolio securities of a diversified investment company. Such concentration of investments will increase the volatility of portfolio investments. Land & Buildings may decide to concentrate a significant portion of its clients investments in a single market sector or geographic region, in which case the risks and volatility described above would be greater.

**Leverage; Interest Rates.** Land & Buildings may utilize leverage, on a moderate basis, on behalf of its clients in order to increase investment positions or to make additional investments. Risk of loss and the magnitude of possible gains are both generally increased by the use of leverage. Fluctuations in the market value of the portfolio of Land & Buildings' clients will have



a greater effect relative to the capital of Land & Buildings' clients than would be the case in the absence of leverage. Adverse market fluctuations, in the case of margin borrowings, may require the untimely liquidation of one or more investment positions. Interest costs of borrowings is an expense of the portfolios of Land & Buildings' client and therefore both borrowing levels and fluctuations in interest rates may affect the performance of the investments of Land & Buildings' clients. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the securities purchased or carried, and will be lost in the event of a decline in the market value of such securities. The amount of borrowings and the interest rates on those borrowings, which will fluctuate, may have a significant effect on the profitability of the investments of the clients of Land & Buildings.

**Interest Rate Risk.** Interest rate risk is the risk that fixed-income investments such as fixed-income securities, and to a lesser extent dividend-paying common stock such as REIT common stocks, will decline in value because of changes in market interest rates. When market interest rates rise, the market value of such securities generally will fall. Therefore, the market price of the securities in which Land & Buildings intends to invest may decline if market interest rates rise. Because market interest rates are currently at relatively low levels, there is a greater than average risk that the portfolio investments of the clients of Land & Buildings may decline in value due to rising interest rates, and additional or new investments into real estate securities may cost more as interest rates increase.

Additionally, rising interest rates may cause investors in such securities to demand a higher annual yield from future distributions, which may in turn decrease market prices for such securities. Rising interest rates also generally increase the costs of obtaining financing, which could cause the value of the investments of the clients of Land & Buildings to decline. Because such companies are particularly sensitive to interest rate risks, the clients of Land & Buildings have more exposure to interest rate risk than other portfolios invested in a more diversified range of equity securities. Although Land & Buildings may seek to mitigate interest rate risk using derivative instruments and other methods, there can be no assurance that such methods will be effective.

**Equity Securities Risk.** The value of equity securities will rise and fall in response to the activities of the company that issued the securities, general market conditions, and/or specific economic or political conditions. In the short-term, equity prices can fluctuate dramatically in response to developments. Different parts of the market and different types of equity securities can react differently to developments. Issuer, political or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region or the market as a whole.

**Small Capitalization Companies.** Land & Buildings may invest a portion of the assets of its clients in REITs, REOCs and other real estate related companies with small market capitalizations and/or that are unseasoned. While smaller or unseasoned companies may have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, asset or product diversification, and competitive strength of larger companies. In addition, in many instances, the frequency and volume of the trading of securities for such companies may be substantially less than is typical of larger companies. As a result, the securities of smaller or unseasoned companies may be subject to wider price fluctuations. Also, the securities of such companies may be traded only on the over-the-counter markets or on a regional securities exchange and may not be traded daily or in the volume typical of trading on a national securities exchange. When liquidating large positions in such companies, Land & Buildings may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small transactions over an extended period of time.

**Preferred Stock.** Land & Buildings may invest on behalf of its clients in preferred stocks, which are unique securities that combine some of the characteristics of both common stocks and bonds. Some preferred stocks offer a fixed rate of return with no maturity date. Because those preferred stocks never mature, they act like long-term bonds, can be more volatile than other types of preferred stocks and may have heightened sensitivity to changes in interest rates. Other preferred stocks have a variable dividend, generally determined on a quarterly or other periodic basis, either according to a formula based upon a specified premium or discount to the yield on particular U.S. Treasury stocks or based on an auction process, involving bids submitted by holders and prospective purchasers of such stocks. Because preferred stocks represent an equity ownership interest in a company, and are typically subordinated to bonds and other debt instruments in a company's capital structure, in terms of priority to corporate income, they are generally subject to greater credit risk than those debt instruments. Accordingly, their value usually will react more strongly than bonds and other debt instruments to actual or perceived changes in a company's financial condition or prospects or to fluctuations in the equity markets. Preferred stockholders generally have no voting rights or their voting rights are limited to certain extraordinary transactions or events. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Preferred stock also may be subject to optional or mandatory redemption provisions.

**Convertible Securities.** Land & Buildings may invest on behalf of its clients in convertible securities, which include bonds, debentures, notes, preferred stocks and other securities that entitle the holder to acquire common stock or other equity securities of the same or a different issuer. Convertible securities have general characteristics similar to both debt and equity securities. A convertible security generally entitles the holder to receive interest or preferred dividends paid or accrued until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities have characteristics similar to non-convertible debt obligations. Convertible securities rank senior to common stock in a corporation's capital structure and, therefore, generally entail less risk than the corporation's common stock, although the extent to which such risk is reduced depends in large measure upon the degree to which the convertible security sells above its value as a debt obligation. Accordingly, convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. A convertible security may be subject to redemption at the option of the issuer at a predetermined price. If a convertible security held by Land & Buildings is called for redemption, Land & Buildings would be required to permit the issuer to redeem the security or convert it to underlying common stock, or would sell the convertible security to a third party, which may have an adverse effect on Land & Buildings' ability to achieve its investment objectives. As with all fixed-income securities, the market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus may not decline in price to the same extent as the underlying common stock.

**Lower-Rated Debt Instruments.** Land & Buildings may invest in lower-rated, higher risk debt instruments (including lower-quality unrated debt instruments) which are considered speculative and involve greater risk of loss than higher-rated debt securities. Such securities are sensitive to changes in an issuer's creditworthiness. Past experience may not provide an accurate indication of future performance of lower-rated securities, especially during recessionary periods. Lower-rated securities are more likely to be adversely affected by business or financial problems of the issuer or by general economic problems or recessions than higher quality securities. Under these

conditions, issuers of lower-rated securities will have greater difficulty servicing their payment obligations, meeting projected goals, or obtaining additional financing. Moreover, Land & Buildings' ability to dispose of such securities may be adversely affected in such an environment.

Lower-rated debt securities may be thinly traded, adversely affecting the prices at which these securities can be sold and resulting in high transaction costs. Unlike securities for which more extensive quotations and last-sale information are available, judgment plays a greater role in valuing lower-rated debt securities. The ability of outside pricing services to value lower-rated debt securities and Land & Buildings' ability to dispose of such securities may be affected by a wider than typical range of factors, including adverse publicity and changing investor perceptions.

Land & Buildings may purchase securities and other debt instruments or obligations that are unsecured and subordinated to significant amounts of senior indebtedness on behalf of its clients, and may not be protected by financial covenants or limitations on additional indebtedness.

**Indexed Securities.** Land & Buildings may cause its clients to invest in indexed securities the value of which are linked to currencies, interest rates, commodities, indices or other financial indicators ("Reference Instruments"). The interest rate or the principal amount payable at maturity of an indexed security may increase or decrease, depending on changes in the value of the Reference Instrument. Indexed securities may be positively or negatively indexed, so that appreciation of the Reference Instrument may produce an increase or a decrease in the interest rate or value of maturity of the security. In addition, the change in the interest rate or value at maturity of the security may be some multiple of the change in the value of the Reference Instrument. The clients of Land & Buildings will bear the market risk of the Reference Instrument in addition to the credit risk of the security's issuer.

**When-Issued Securities.** Land & Buildings may cause its clients to purchase securities on a "when-issued" or forward delivery basis for payment and delivery at a later date. The prices and yields for such securities are generally fixed on the date of Land & Buildings' commitment to purchase the securities rather than the date of settlement of the transaction. During the period between Land & Buildings' commitment to purchase and settlement (which generally lasts from a few days to two or three months), no interest accrues to Land & Buildings. These purchases may involve a risk of loss if the value of the securities falls below the price Land & Buildings committed to prior to actual issuance of the securities. The purchase of when-issued securities may involve a degree of financial leverage.

**Zero Coupon Securities.** Zero coupon securities are subject to greater market value fluctuations from changing interest rates than debt obligations of comparable maturities that make current cash distributions of interest.

Taxable investors should be aware that to the extent Land & Buildings causes its clients to invest in zero coupon or payment in kind securities, the clients of Land & Buildings will be allocated on an annual basis taxable income with respect to such securities although clients of Land & Buildings may not necessarily receive during such year any interest or other payments with respect to such securities.

**Bankruptcies; Reorganizations.** Land & Buildings may cause its clients to invest in companies involved in (or targets of) acquisition attempts or tender offers or in companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either may be unsuccessful, take considerable time or result in a

distribution of cash or a new security the value of which is less than the purchase price to Land & Buildings of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, Land & Buildings may cause its clients to sell its investment at a loss. Because there is a substantial uncertainty concerning the outcome of transactions involving the financially troubled companies in which Land & Buildings may invest, there is a potential risk of loss by clients of Land & Buildings of its entire investment in such companies.

**Non-U.S. Investments.** Land & Buildings may cause its clients to invest in securities issued by non-U.S. companies. Land & Buildings may cause its clients to invest in both U.S. dollar-denominated and local currency-denominated securities issued by non-U.S. entities, or in derivatives on such instruments or securities. Such investments have risks associated with political and economic developments, higher operating expenses, exchange controls, currency fluctuations, foreign withholding and other taxes which may reduce investment return, reduced availability of public information concerning issuers and the fact that foreign issuers are not generally subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements comparable to those applicable to U.S. chartered issuers. Securities of many non-U.S. issuers may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers. Transaction costs for non-U.S. securities are generally higher than for comparable securities issued in the U.S. Land & Buildings expects to engage in certain hedging activities intended to reduce certain of the risks described above and such hedging activities may present certain risks of their own.

Land & Buildings may cause its clients to invest a portion of its assets in developing countries, or in countries with new or developing capital markets, for example, nations in Eastern Europe and parts of Asia and Latin America. The considerations noted above are generally heightened for these investments. These countries may have relatively unstable governments, economies based on only a few industries, and inefficient securities markets. Securities of issuers located in these countries tend to have volatile prices and may offer significant potential for loss as well as gain.

**Non-U.S. Currency.** Although Land & Buildings may cause its clients to invest in securities denominated in foreign currencies, investments will be valued in U.S. dollars. As a result, the value of investments may fluctuate with U.S. dollar exchange rates as well as in response to changes in prices of portfolio securities. Thus, an increase in the value of the U.S. dollar compared to the currencies in which the investments are made could reduce the effect of increases and magnify the effect of decreases in the prices of portfolio securities in their local markets, with the converse also being true. Although Land & Buildings may seek to reduce non-U.S. dollar exposure by implementing hedging strategies with respect to particular investments denominated in non-U.S. currencies (which may present certain risks of their own), it is not obligated to do so and does not expect to implement such hedging strategies in all circumstances. Accordingly, performance is likely to be affected by fluctuations in foreign exchange rates.

**Issuer-Specific Changes.** Land & Buildings' strategies rely to a material extent on the financial information made available by the management of the issuers of securities in which Land & Buildings invests. Land & Buildings does not have any ability independently to verify the financial information disseminated by the numerous issuers in which Land & Buildings may invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Recent events have demonstrated that investors such as Land & Buildings may incur material losses as a result of corporate mismanagement and fraud as well as accounting and reporting irregularities.

The securities (or instruments based on or related to the securities) of companies purchased by Land & Buildings may involve a high degree of business and financial risk. These companies may be in an early stage of development, may not have a previous operating history, may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business and may be subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise be in a weak financial position. These companies may also be highly leveraged. Leverage may have important adverse consequences to the companies themselves and to Land & Buildings as an investor in them. These companies may be subject to restrictive financial and operating covenants. The leverage may impair these companies' ability to finance their future operations and capital needs. As a result, these companies' flexibility to respond to a changing business and economic conditions and to business opportunities may be limited. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used. In addition, such companies may face intense competition, including competition from companies with greater financial resources, more development, manufacturing, marketing and other capabilities, and a larger number of qualified managerial and technical personnel. Changes in the financial condition of an issuer, changes in specific economic or political conditions can affect the credit quality or value of an issuer's securities.

**Credit Risk.** Companies in which Land & Buildings may cause its client to invest in may be highly leveraged and financial covenants may affect the ability of such companies to operate effectively. Portfolio companies are expected to be subject to risks normally associated with debt financing. In addition, a portfolio company's obligation to comply with financial covenants, such as debt-to-asset ratios and secured debt-to-total asset ratios, and other contractual obligations may restrict a portfolio company's range of operating activity. A portfolio company, therefore, may be limited from incurring additional indebtedness, selling its assets and engaging in mergers or making acquisitions which may be beneficial to its operations.

**Risks of Environmental Liabilities.** Under various laws, ordinances and regulations of the jurisdictions in which portfolio companies own property, an owner or operator of real property may become liable for the costs of removal or remediation of certain hazardous substances released on, about, under or in its property. Environmental laws often impose this liability without regard to whether the owner or operator knew of, or was responsible for, the release of hazardous substances. The presence of hazardous substances, or the failure to remediate hazardous substances properly, may adversely affect the owner's ability to sell or use real estate or to borrow funds using real estate as collateral. In addition, some environmental laws create a lien on contaminated property in favor of the government for costs it incurs in connection with the contamination. In addition to clean-up actions brought by federal, state and local agencies and private parties, the presence of hazardous substances on a property may lead to claims of personal injury, property damage or other claims by private plaintiffs. The existence of any such material environmental liability could have an adverse effect on the results of operations and cash flow of any such portfolio company and, as a result, its value and/or the amount available to make distributions on its shares, could be reduced, which could have an adverse effect on investment performance.

**Insurance Considerations.** Certain of the companies in which Land & Buildings may cause its clients to invest in may, in connection with the issuance of securities, have disclosed that they carry comprehensive liability, fire, flood, terrorism, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. However, such insurance is not uniform among the potential portfolio companies. Moreover,

there are certain types of extraordinary losses that may be uninsurable, or not economically insurable. Should any type of uninsured loss occur, the portfolio company could lose its investment in, and anticipated profits and cash flows from, a number of properties which, as a result, would adversely impact the portfolio company's value, and as a result investment performance.

**Short Sales.** A significant aspect of Land & Buildings' investment strategy involves entering into short sale positions, both directly and indirectly through the use of options and other derivative instruments. Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which Land & Buildings engages in short sales will depend upon opportunities. A short sale creates the risk of an unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position. There can be no assurance that Land & Buildings will be able to maintain the ability to borrow securities sold short.

**Derivative Transactions.** Land & Buildings may cause its clients to use derivatives in an effort to hedge various market risks or to manage exposure to various equity markets. These strategies impose certain costs on the clients of Land & Buildings and involve certain risks, such as the possible default of the other party to the transaction, the lack of liquidity, the imperfect nature of the hedge or the ineffectiveness of the strategy in a particular situation, operational risks relating to margin requirements for particular instruments, and the possible accentuation of losses or reductions in gains of the underlying portfolio securities.

*Specialized investment management.* All derivative instruments, including options, forward contracts and swap contracts involve risks different from, and, in certain cases, greater than the risks presented by more traditional investments. Accordingly, derivative products require specialized investment techniques and risk analyses that are different from those associated with stocks. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. In particular, the use and complexity of derivatives require the maintenance of adequate controls to monitor the transactions entered into, and the ability to assess the risk that a derivative adds to the portfolio. The performance of the derivative may not be knowable in advance under all possible market conditions.

*Counterparty default.* Land & Buildings may sustain a loss as a result of the failure of another party to a derivative (usually referred to as a "counterparty") to comply with the terms of the derivative contract. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where Land & Buildings has caused its clients to concentrate its transactions with a single or small group of counterparties. Land & Buildings is not restricted from dealing with any particular counterparty or from concentrating any or all transactions with one counterparty.

*Disproportionate losses.* Since many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, rate or index usually will result in a loss substantially greater than the amount invested in the derivative itself. In the case of swaps, the risk of loss generally is related to a notional principal amount, even if the parties have not made any initial investment. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.

*Liquidity of futures contracts.* Land & Buildings may cause its clients to use futures in executing its investment strategy. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Land & Buildings from promptly liquidating unfavorable positions and result in substantial losses.

*Default by futures commission merchants.* Under the Commodity Exchange Act, as amended, commodity brokers (defined as “futures commission merchants” by the Commodity Futures Trading Commission) are required to maintain customers’ assets in a segregated account. To the extent that Land & Buildings engages in futures and options contract trading and a futures commission merchant with whom Land & Buildings maintains an account fails to segregate the assets of Land & Buildings’ clients, Land & Buildings’ clients will be subject to a risk of loss in the event of the bankruptcy of any of such futures commission merchant. In certain circumstances, Land & Buildings’ clients might be able to recover, even in respect of property specifically traceable to Land & Buildings’ clients, only a pro rata share of all property available for distribution to a bankrupt futures commission merchant’s customers.

*Other risks.* Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Many derivatives, in particular privately negotiated derivatives, are complex and sometimes valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to Land & Buildings’ clients. Consequently, Land & Buildings’ use of derivatives may not always be an effective means of, and sometimes could be counterproductive to, furthering the investment objective of Land & Buildings’ clients.

**Lack of Liquidity.** Although investments of Land & Buildings’ clients are generally expected to be liquid, there can be no assurance that Land & Buildings will be able to realize such investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. Illiquidity may result from the absence of an established market for investments as well as from legal or contractual restrictions on their resale by Land & Buildings. Land & Buildings may have access to non-public information regarding certain investments, the possession of which also could limit its ability to sell such investments.

**Convergence Risk.** Land & Buildings may cause its clients to pursue relative value strategies by taking long positions in securities of an issuer believed to be undervalued and short positions in securities of the same or a related issuer believes to be overvalued. If the perceived mispricings underlying Land & Buildings’ clients trading positions were to fail to converge toward, or were to diverge further from, relationships that were expected, a loss would be incurred.

**Estimated or Inaccurate Valuations; Delays in Reporting.** In many cases Land & Buildings will have little ability to assure the accuracy or timing of the valuations received from third party managers of certain of Land & Buildings’ investments. The valuations received from such third party managers may be estimates only, subject to revision through the end of the applicable annual audit revisions, and may differ from the fair market value of such investments. Further,

Land & Buildings cannot be certain that the valuations received from third party managers are accurate. For certain investments, there may be no independent pricing source.

### **Organizational Risks**

**Profit Allocation.** Land & Buildings' right to receive Profit Allocations may create an incentive for Land & Buildings to make investments that are riskier or more speculative than would be the case if Land & Buildings was not entitled such Profit Allocations. Also, since Profit Allocations are calculated on a basis that includes unrealized appreciation of assets, Profit Allocations may be greater than if calculated solely on the basis of realized gains. Moreover, if realized gains turn out to be less than the unrealized appreciation on which any Profit Allocations were based, the investors will not be entitled to a return of any portion of the prior Profit Allocations (although it will count against future Profit Allocations).

**Business and Regulatory Risks of Hedge Funds.** Legal, tax and regulatory changes could occur that may adversely affect the clients of Land & Buildings. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments and the ability of the clients of Land & Buildings to obtain the leverage it might otherwise obtain or to pursue its trading strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on Land & Buildings could be substantial and adverse.

**Terrorist Action.** There is a risk of terrorist attacks on the United States and elsewhere causing significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions, market liquidity and securities held.

**Use of a Prime Broker to Hold Assets.** Special risks exist because the assets of the clients of Land & Buildings will be held by a prime broker rather than a bank. Due to the presence of short positions, some or all of the assets will be held in one or more margin accounts which may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. In the event that the prime broker experiences severe financial difficulty, the assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time while the prime broker's business is liquidated, resulting in a potential loss to the clients of Land & Buildings due to adverse market movements while the positions cannot be traded. Furthermore, if the prime broker's pool of assets is determined to be insufficient to meet all claims, the clients of Land & Buildings could suffer a loss.

**Execution of Orders.** Land & Buildings' trading strategy depends on its ability to establish and maintain an overall market position in a combination of securities selected by Land & Buildings. Should Land & Buildings' trading orders not be executed in a timely, accurate and efficient manner, Land & Buildings might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, Land & Buildings might not be able to make such adjustment. In such an event, clients of Land & Buildings would not be able to achieve the market position selected by Land & Buildings, and might incur a loss in liquidating its position, incur an opportunity cost relating to the value of the portfolio or deviate from the targeted level of portfolio risk.



**Systems Risks.** Land & Buildings relies extensively on computer systems to trade, clear and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor its portfolio and net capital, and to generate risk management and other reports that are critical to the oversight of Land & Buildings' activities. In addition, certain of Land & Buildings' operations interface with or depend on systems operated by third parties, including its prime brokers and market counterparties. A defect or failure in any of these systems could have a material adverse effect on the clients of Land & Buildings.

### **Item 9 – Disciplinary Information**

Neither Land & Buildings nor any of Land & Buildings' management persons has had any legal or disciplinary events that would be material to a client's evaluation of Land & Buildings or the integrity of Land & Buildings' management.

### **Item 10 – Other Financial Industry Activities and Affiliations**

Neither Land & Buildings nor any of Land & Buildings' management persons are registered, or have an application pending to register as:

- a broker-dealer or registered representative of a broker-dealer; or
- a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Land & Buildings is a sponsor and manager of pooled investment vehicles, including L&B Capital Growth, L&B Onshore, and L&B Offshore. By acting as the sponsor and manager of these Funds and by making direct investments in some of the Funds it manages, Land & Buildings has an incentive to favor these Funds over other clients. Notwithstanding these conflicts, Land & Buildings will allocate transactions and opportunities among the various accounts it manages in a manner it believes to be as equitable as possible, considering suitability and each account's objectives, programs, limitations and capital available for investments, but even accounts with similar objectives will often have different investment portfolios.

Land & Buildings does not recommend or select other investment advisers for its clients for compensation.

Jonathan Litt is on the board of directors of Mack-Cali Realty Corporation, a publicly traded company. Mr. Litt is subject to Land & Buildings' code of ethics, as described below, as it relates to his involvement on the board.

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

**Code of Ethics.** Land & Buildings has adopted a Code of Ethics ("Code") that describes the standards of business conduct that it requires of employees and accounts owned predominantly by persons associated with Land & Buildings, and establishes procedures intended to prevent Land & Buildings, and its personnel and certain of their relatives, from inappropriately benefiting from Land & Buildings' relationships with its clients. The Code provides:

- Land & Buildings' clients' interests come before Land & Buildings' or employees' interests;

- Land & Buildings must disclose to clients all material facts about conflicts of which it is aware between Land & Buildings' and its employees' interests on the one hand and clients' interests on the other;
- employees must operate on Land & Buildings' and their own behalf consistently with Land & Buildings' disclosures to and arrangements with clients regarding conflicts and its efforts to manage the impacts of those conflicts;
- Land & Buildings and its employees must not take inappropriate advantage of Land & Buildings' clients or their positions of trust with or responsibility to clients; and
- Land & Buildings and its employees must comply with all applicable securities laws.

The Code requires employees to report personal securities holdings on an annual basis.

In addition, Land & Buildings monitors all employees' securities transactions. The Code includes procedures for and restrictions on employee trading intended to prevent employees from benefiting from, or appearing to benefit from, any price movement that may be caused by client transactions. The Code also contains restrictions on and procedures to prevent inappropriate trading while Land & Buildings is in possession of material nonpublic information.

Land & Buildings' employees are prohibited from trading on material non-public information that may be obtained in the regular course of business or through their affiliations with any publicly traded or private companies. Should a Land & Buildings employee come into contact with such information, he or she is required to promptly notify the Chief Compliance Officer, who will restrict firm and personal trading in the subject security until such time that the material non-public information becomes public.

Land & Buildings will provide a copy of its Code of Ethics to any client or prospective client upon request. A request may be made by submitting a written request to Land & Buildings at the address on the cover page to this brochure.

**Participation or Interest in Client Transactions.** Neither Land & Buildings nor its officers, partners, directors, or employees may recommend to clients, or buy or sell for client accounts, securities in which they have a material financial interest (this may include, among other things, buying securities from or selling securities to clients; soliciting client investments in a partnership in which they act as general partner; or acting as an investment adviser to an investment company or other pooled investment vehicle that they recommend to clients). This involves a conflict of interest. As such, Land & Buildings prohibits its employees and related persons from engaging in these types of transactions.

**Personal Securities Transactions.** Land & Buildings, its officers, partners, directors, and employees may not:

- Invest in the same securities that they recommend to clients. This involves a conflict of interest because they will have an incentive to prefer their own interests. Land & Buildings addresses this conflict by requiring employees to sign and adhere to Land & Buildings' Code of Ethics and to report personal securities holdings and transactions to Land & Buildings.
- Recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that they buy or sell the same security for their own account. This involves a conflict of interest because they will have an incentive to execute orders in front of their

clients. Land & Buildings addresses this conflict by requiring employees to sign and adhere to Land & Buildings' Code of Ethics and to report personal securities holdings and transactions to Land & Buildings.

## **Item 12 – Brokerage Practices**

**Brokerage Selection Generally.** Land & Buildings generally allocates portfolio transactions for its clients' accounts to securities brokers and seeks the most favorable execution terms reasonably available. In making this determination, Land & Buildings may consider such factors as the ability to effect the transactions, the broker's facilities, reliability and financial responsibility, securities pricing and transaction expenses, execution capability, confidentiality, capital commitment, and order and processing responsiveness. Selection of brokers may also take into consideration a broker's effectiveness in providing market or industry information, arranging for access to issuer's management, investment vehicles or knowledgeable industry sources and the provision or payment of the costs of brokerage or research products or services. Land & Buildings need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Accordingly, if Land & Buildings determines in good faith that the commissions charged by a broker are reasonable in relation to the value of the brokerage and research products or services provided by such broker, Land & Buildings may pay commissions to such broker in an amount greater than the amount another broker might charge.

Brokerage and research products or services provided to Land & Buildings may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other products and services (e.g., quotation equipment and computer costs and expenses) providing lawful and appropriate assistance to Land & Buildings in the performance of its investment decision-making responsibilities.

**Research and Other Soft Dollar Benefits.** Generally, the use of commissions or "soft dollars" to pay for brokerage and research products or services will fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934. Land & Buildings does not enter into traditional soft dollar arrangements in which it uses client brokerage to obtain research or other services from broker-dealers where there is an explicit target or ratio linked to Land & Buildings' commission business with such broker-dealers. Land & Buildings may, however, receive proprietary research and electronic trading, order routing, and risk monitoring services from broker-dealers including prime brokers as an incident of doing business with these broker-dealers, but only where (1) there is no formalized arrangement with an explicit target or ratio linked to Land & Buildings' commission business with such broker-dealers; and (2) Land & Buildings does not "pay up" for these items in the form of higher commissions on similarly situated client trades, except where Land & Buildings determines that any higher commission is reasonable in relation to the value of any brokerage or research services received, viewed in terms of the particular transaction or Land & Buildings' responsibilities with respect to accounts for which it exercises investment discretion

The securities transactions can be expected to generate brokerage commissions and other compensation, all of which the accounts of the clients of Land & Buildings, not Land & Buildings, will be obligated to pay. Land & Buildings has complete discretion in deciding what brokers and dealers the accounts of the clients of Land & Buildings will use and in negotiating the rates of compensation will be paid. In addition to using brokers as "agents" and paying commissions, Land & Buildings may buy or sell securities directly from or to dealers acting as principals at prices that include markups or markdowns, and may buy securities from

underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

The investment information received from Land & Buildings' brokers may be used by Land & Buildings in servicing its other clients. Nonetheless, Land & Buildings believes that such investment information provides the clients of Land & Buildings with benefits by supplementing the research otherwise available to Land & Buildings. Land & Buildings may cause its clients to invest in securities issued by brokers, dealers and other financial intermediaries or providers of research and other services to Land & Buildings, may participate in investment transactions with such parties, or may have investors who are principals, officers, employees, or otherwise affiliated with such parties. Such relationships or arrangements will not preclude Land & Buildings from entering into transactions with such parties, so long as the terms on which the clients of Land & Buildings participate are determined by Land & Buildings to be in the best interest of its clients.

**Brokerage for Client Referrals.** Land & Buildings does not direct client transactions to a particular broker-dealer in return for client referrals.

**Directed Brokerage.** Land & Buildings does not recommend, request, require or permit a client to direct Land & Buildings to execute transactions through a specified broker-dealer.

**Aggregation of Securities Transactions.** Land & Buildings generally aggregates sale and purchase orders of securities held by multiple clients if, in its judgment, the trade is appropriate for all such client accounts. Land & Buildings implements procedures intended to ensure that no account is favored over any other account in the aggregation process, and that over the course of a buying or selling program, all client accounts receive equitable treatment. In many instances, Land & Buildings purchases or sells securities for clients simultaneously with purchases or sales of like securities for other client accounts. These transactions may be made at slightly different prices, because of the volume of securities purchased or sold. As a result of aggregating trades, however, the price may be less favorable to a particular client than it would be if similar transactions were not being executed concurrently for other accounts.

**Portfolio Transaction Costs.** Clients' investment programs include trading as well as investments, and short-term market considerations frequently are involved. The turnover of client portfolios (and the concomitant brokerage, custodial and other transaction costs and expenses) is greater than the turnover rates (and transaction costs) of many other types of investment vehicles.

### **Item 13 – Review of Accounts**

Client investment positions are actively monitored and are reviewed regularly, typically daily, but no less frequently than weekly by Land & Buildings' Managing Member, Jonathan Litt.

Land & Buildings, on behalf of each Fund, sends to each limited partner or investor an annual report containing audited financial statements of the Fund, including a balance sheet and statements of income and partners' or investors' equity.

### **Item 14 – Client Referrals and Other Compensation**

Land & Buildings does not receive any economic benefit from a person who is not a client for providing investment advice or other advisory services to Land & Buildings' clients. Land & Buildings does not directly or indirectly compensate any person who is not a supervised person for client referrals.

**Item 15 – Custody**

Land & Buildings obtains custodial, clearing, settlement and related services on behalf of its clients through what is known as a “prime brokerage” arrangement. See “Item 12 – Brokerage Practices” above. Under that arrangement, a brokerage firm (the “Prime Broker”) maintains custody of each client’s assets (either directly or through its clearing brokerage firm). The Prime Broker is a “qualified custodian” and maintains custody of each client’s funds and securities in a separate account for that client. The Prime Broker sends quarterly, or more frequent, account statements to clients. Limited partners or investors in Funds managed by Land & Buildings do not receive account statements from the primer broker as these statements are directed to Land & Buildings as the general partner of the Funds. Limited partners or investors in the Funds receive monthly capital account statements from the Fund Administrator.

**Item 16 – Investment Discretion**

As the general partner and investment manager of the Funds and SMAs, Land & Buildings has broad discretion, without limitation, to determine the:

- securities to be bought or sold for the partnerships’ accounts;
- amount of securities to be bought or sold for the partnerships’ accounts;
- broker or dealer to be used for a purchase or sale of securities for the partnerships’ accounts; and
- commission rates to be paid to a broker or dealer for the partnerships’ securities transactions.

Each investor authorizes such discretion to the general partner in the limited partnership agreement. For the funds for which Land & Buildings is the investment manager, such discretion is authorized by the investment management agreement. SMA clients authorize such broad discretion in the investment advisory agreement.

**Item 17 – Voting Client Securities**

Land & Buildings generally has authority to vote client securities. Land & Buildings reviews each proxy solicitation to determine if Land & Buildings’ clients have a material interest in the outcome of the vote in question and how a vote may be in furtherance of such interest. Land & Buildings may consider, among other things, the proposal’s content, its potential economic impact on the issuer and the investment made by Land & Buildings, the issuer’s management, financial and stock performance, relevant corporate governance standards and the issuer’s record regarding shareholder rights and value enhancing opportunities. Though outside advisors or other service providers may be retained to act as voting agent, to provide analysis of issuer and shareholder proposals, or to provide voting guidelines for reference, Land & Buildings generally does not delegate the proxy voting decision to, or defer to the recommendation of, outside advisors or other service providers. In certain cases, an abstention or non-vote may be determined to be appropriate or in the best interest of Land & Buildings clients, such as when the clients of Land & Buildings are no longer a shareholder on the date of a vote. Not all of such matters are relevant or equally influential on all voting event decisions.

**Item 18 – Financial Information**

Registered investment advisers are required in this item to provide you with certain financial information or disclosures about Land & Buildings’ financial condition. Land & Buildings has

no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

**Item 19 – Requirements for State-Registered Advisers**

Land & Buildings is not registered with any state. Therefore, Land & Buildings has no information applicable to this item.