

**Item 1 – Cover Page**

**Part 2A of Form ADV  
Brochure**

**Land & Buildings Investment Management, LLC**

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**March 2019**

**This brochure provides information about the qualifications and business practices of Land & Buildings Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at (203) 987-5827. 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.**

**Any reference to Land & Buildings Investment Management, LLC as a registered investment adviser does not imply any certain level of skill or training.**

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

**Item 2 – Material Changes**

We last updated Part 2A of Form ADV in July 2018 to amend our brochure to include a recently added relying adviser, LBIM LLC, that is discussed in further detail below. Land & Buildings Investment Management, LLC has not undergone any material changes since the time of that update or our last annual amendment to Part 2A of Form ADV in March 2018 although certain information in this brochure has been updated. We encourage Clients, fund investors, and prospective Clients and fund investors to review the entirety of this brochure.

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### Item 4 – Advisory Business

**Description of the Advisory Firm.** Land & Buildings Investment Management , LLC is a Delaware limited liability company formed in June 2008. Land & Buildings Investment Management, LLC and its affiliated investment adviser, LBIM LLC (defined below and collectively with Land & Buildings Investment Management, LLC referred to as “Land & Buildings,” “Adviser,” “we,” “us,” or “our”) provide discretionary investment management services to pooled investment vehicles and separately managed accounts. LBIM LLC (“the Relying Adviser”) commenced operations in July 2018 and is a relying adviser that is registered under the Investment Advisers Act of 1940 pursuant to the umbrella registration of Land & Buildings Investment Management, LLC, the filing adviser. This Brochure also describes the business practices of the Relying Adviser which operates as a single advisory business together with Land & Buildings Investment Management, LLC. Jonathan Litt is the Managing Principal and principal owner of Land & Buildings and the Relying Adviser. 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, and L&B Real Estate Opportunity Fund LP (“**L&B Real Estate**”) a Delaware limited partnership (collectively referred to as the “**Funds**”). In addition, Land & Buildings provides advisory services to separately managed accounts (collectively referred to as the “**SMAs**”). The Funds, together with the SMAs, collectively are referred to as “**Clients**” whereas limited partners and/or shareholders in the Funds are referred to as “**Fund Investors.**” Land & Buildings GP LP (“General Partner”), a Delaware limited

partnership, which is controlled by Mr. Litt, serves as the general partner to the Funds organized as Delaware limited partnerships.

**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. Additional information about Land and Buildings investment strategies and associated risks can be found in greater detail below in **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss.**

**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. Land & Buildings portfolio management services to the SMAs are provided pursuant to the agreed upon investment guideline terms set forth in the investment management agreement. Unlike investors in the Funds, SMA Clients may impose reasonable mandates, guidelines, or restrictions relating to investments. For example, SMA Clients may impose limits on concentration, risk, exposure, and liquidity that may be different from those in the Funds. A SMA Client directly owns the positions in its separately managed account, therefore, the SMA account owner will typically have full, real-time transparency to all transactions and holdings in such account and may be better able to assess the prospects of a portfolio that is substantially similar to the portfolios of the other Land & Buildings Clients. The account owner in a separately managed account may have the right to withdraw all or a portion of their capital from such managed account on shorter notice and/or with more frequency than the terms applicable to an investment in the private funds. Land & Buildings may advise other SMAs in the future.

Land & Buildings or the Funds, may enter into, deliver and perform side letters or other written agreements ("Side Letter Agreements") with Fund Investors or SMA account owners, establishing rights under, or supplementing or altering the terms of, its investment, to the extent permitted by applicable law. Such waivers or modifications may grant special or more favorable rights, including, (i) greater transparency into the Fund's portfolio, (ii) different or more favorable withdrawal rights, such as more frequent withdrawals or shorter withdrawal notice periods, (iii) greater information than may be provided to other Fund Investors, (iv) different fee or incentive compensation terms, (v) more favorable transfer rights and (vi) key-person notifications. Although certain investors or SMAs may invest with different material terms, Land and Buildings generally will only offer such terms if they believe other Fund Investors or SMAs will not be materially disadvantaged.

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

**Assets Under Management.** As of December 31, 2018, Land & Buildings managed \$577.2 million in regulatory assets. These assets were managed entirely on a discretionary basis. Land & Buildings does not manage any Client assets on a non-discretionary basis.

Land & Buildings may from time to time identify investment opportunities where it feels it is appropriate to take an active role in effectuating corporate change in a target either working alone or in conjunction with other investors. These activist methods may include working with management or other more aggressive steps such as acquiring substantial publicly disclosed stakes in issuers, proposing a restructuring, recapitalization, sale, or other change in strategic direction, seeking potential acquirers, engaging in proxy contests, making tender offers, changing management and other related activities. These investment opportunities often require locked-up capital so that Land & Buildings can exert the proper amount of influence on the target without the pressure of having to liquidate securities of the target company in the event of withdrawals. Accordingly, the General Partner or Land & Buildings may elect, in its sole discretion, to create

separate "side pockets" within the Funds or SMAs each of which will participate in these investment opportunities ("Special Investments") typically alongside the main Fund class. Participating investors will only participate in Special Investments for which they contribute capital (and will not participate in the rest of the Fund's portfolio unless they have made a separate investment in the main Fund class).

### **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 varies among investors though as outlined in the governing fund documents is typically 0.5% (2.0% per year). Special Investment account Management Fees are also outlined in the governing fund docs and are typically equal to 0.5% (2.00% annualized) of the net asset value of each limited partner's Special Investment account. 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, SS&C GlobeOp, 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, Management Fees are generally negotiated on a case-by-case basis. The fees charged to any given Client may be higher than fees charged to other Clients for advisory services to accounts of comparable size and investment objectives.

**Performance Allocation or Fee.** Land & Buildings will also receive a Performance Allocation or Fee from investors' capital accounts in the Funds. The Performance Allocation or Fee 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 Performance Allocation or Fee is made with respect to that capital account in the current fiscal year. For the avoidance of doubt, an annual Performance Allocation or Fee will be taken on each Special Investment in a Fund based on the net increase or net decrease in the net asset value of such Special Investment, and if a participating investor has another investment in the main class of the Fund, the increase or decrease in the net asset value of a Special Investment will be segregated and calculated independently of the performance of its other investment in determining the annual Performance Allocation or Fee in respect of such limited partner. The Performance Allocation or Fee for Special Investments, including those previously invested, may be calculated differently.

Land & Buildings may waive all or any portion of the Performance Allocation or Fee with respect to any investor in any Fund or SMA 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 Performance Allocation or Fee. For SMAs, Land & Buildings will also generally receive a Performance Allocation or Fee with respect to each capital account of each investor in a SMA of 20% of the profits, which is subject to negotiation.

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

**Expenses.** The Funds will pay (or reimburse Land & Buildings) all organizational expenses of the Funds, any expenses incurred or accrued in connection with the offer and sale of Fund interests, expenses related to the research, due diligence and monitoring of actual and prospective

investments (whether or not consummated) and the consummation of investments, , including, without limitation: brokerage, prime brokerage and futures commission merchant fees, commissions and expenses; interest on margin and other borrowings and fees related to financings or refinancings; interest and other borrowing charges on securities sold short; custodial fees and expenses; clearing and settlement; bank service fees; third-party investment sourcing fees; fees and expenses related to obtaining research and market data (including, without limitation, any information technology hardware, software or other technology incorporated into the cost of obtaining such research and market data); travel and other expenses relating to sourcing and investigating investment opportunities; fees and expenses of third-party professionals, including, without limitation, consultants, investment bankers, attorneys and accountants; and all expenses related to activist investing including professional fees and all costs related to proxy contests including legal, proxy solicitation, public relations, investment banking, nominee expenses (including whether nomination is successful or not), internal and third-party investment due diligence expense on the issuer and its management and board, any connected litigation related to an activist investment, compliance, regulatory filings, and other miscellaneous expenses; the operating expenses of the Funds, including, without limitation: fees and expenses relating to information technology hardware, software or other technology (including, without limitation, costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law (including, without limitation, reporting obligations), facilitate and manage the order execution of securities or otherwise manage the Funds or any trading subsidiary, such as portfolio management systems, risk management systems, order management systems and execution management systems, or other transaction-related compensation arising out of transactions involving assets of the Funds or any trading subsidiary; fees and expenses of third-party risk management products, models and services; third-party administrative fees and expenses; costs of reporting; costs of governance activities, including obtaining partner consents; legal, accounting, audit, bookkeeping, appraisal and other professional fees and expenses; compliance expenses; administration fees and expenses; tax preparation fees and expenses; fees and expenses related to compliance with the rules of any self-regulatory organization; governmental fees and taxes; licensing, filing or registration fees (including, without limitation, fees and expenses incurred in connection with the preparation and filing of Form PF, Section 13 filings, Section 16 filings and other similar regulatory filings); the cost of insurance, including D&O and E&O insurance and bonding; and extraordinary expenses, including, without limitation, indemnification expenses, fees and expenses incurred in connection with any tax audit by any U.S. federal, state or local authority or any related administrative settlement and judicial review; and all other expenses related to the management and operation of the Funds or any trading subsidiary and/or the purchase, sale or transmittal of assets of the Funds, as shall be determined by the Land and Buildings or an affiliate in its reasonable discretion. With respect to activist investments, expenses will be allocated to the Funds and SMAs based on the total investment of Clients. If expenses are incurred prior to investment or full investments in the Funds and/or any other SMA, the expense allocation will be based on the full investment of the Funds and each such other account or SMA. Expenses for activist investments include but are not limited to: legal, proxy solicitation, public relations, investment banking, nominee expenses (whether or not nomination is successful), internal and third-party investment due diligence expense on the issuer and its management and board, any connected litigation related to an activist investment, compliance, regulatory filings, and other miscellaneous expenses.

Feeder Funds will bear their proportionate share of the organizational and operating expenses of any Master Fund. The Funds do not have a pre-determined limit on ordinary and extraordinary operating expenses. The Funds actual annual operating expenses are disclosed in the year-end audited financial statements, which we encourage all Fund Investors to review when they are provided annually to each Fund Investor.

The Funds 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.

Generally, all expenses borne by the Funds, other than the management fee and any expenses that the Land & Buildings determines should be allocated to an investor or investors (e.g., investor-related taxes, expenses related to Special Investments), will be debited to all the capital accounts on a pro rata basis in accordance with each investor's ownership percentage. Investors in our Funds and Special Investment who are associated with Land & Buildings, such as our officers or employees, or their family members, generally do not pay management fees or incur performance fees though they do pay their pro rata share of the Funds' operating costs.

Land & Buildings manages SMAs in addition to the Funds and will seek to allocate actual and accrued expenses to the Funds and the SMAs managed by Land & Buildings based on the assets or anticipated assets of each account and/or the ownership of securities the expenses relate to. SMAs have the option to pay Land & Buildings by receipt of an invoice or to authorize fees to be paid to Land & Buildings by direct debit for management fee and performance fees. SMAs are billed monthly or quarterly in arrears or quarterly in advance. If a SMA terminates the investment management agreement Land & Buildings will invoice or credit the Client for an amount that is pro-rated based on the number of days that the account was managed by Land & Buildings. Clients may also elect to have their fees calculated based upon the market values provided by their custodian or by Land & Buildings. Performance-based fees for SMAs, if earned, are payable after the calculation period for such fees. SMAs typically incur all expenses in connection with the transactions effected for their account including without limitation custodial fees, brokerage and commissions, withholding or transfer taxes, interest on margin accounts and other indebtedness, and borrowing charges on securities sold short. To the extent the Funds or a SMA is invested in an exchange-traded fund or mutual fund, the Fund or SMA will bear, along with other shareholders, its pro rata portion of the exchange-traded fund's or mutual fund's management, trading, and administrative fees and expenses.

If a Fund and one or more other Funds, or other Clients including SMAs of Land & Buildings may be responsible for some or all of a particular cost, Land & Buildings may allocate the cost among all those entities, SMAs, and Funds in its discretion in a fair and equitable manner. Expenses allocated to SMAs may be negotiated individually. At its discretion or pursuant to the terms of an investment advisory agreement or private fund governing documents, Land & Buildings may pay expenses that would otherwise be allocated to a Client. Clients that do not pay a portion of these expenses may benefit from services paid for by other Clients or Land & Buildings. Withdrawals of capital by a Fund Investor from a Fund are subject to a redemption fee, payable to the affected Fund, for redemptions made in less than the term the investor agreed to, as described in the relevant fund governing documents. The redemption fee will be retained by the Fund although the General Partner or Land & Buildings may waive the redemption fee in its sole discretion.

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 Performance Allocation or Fee. See “Performance Allocation or Fee” under “Item 5 – Fees and Compensation” above.

The Performance Allocation or Fee 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 Performance Allocations or Fees to Land & Buildings based on performance of the Funds.

Differences in Land & Buildings compensation arrangements with its Clients and Fund Investors, particularly if some Clients were to pay higher performance-based compensation, could create incentives for Land & Buildings to manage Client portfolios or Funds so as to favor those portfolios of Clients or a class of Fund Investors paying higher performance-based compensation, as could Land & Buildings ownership interest in some Client accounts. The securities purchased that are designated as Special Investments will also be purchased in the main portfolio of the Funds. The General Partner or Land & Buildings may buy and sell such securities for the main portfolio and the Special Investment accounts at different times and in different proportions due to certain circumstances, including, substantial withdrawals from the main portfolio of the Fund. Notwithstanding these conflicts, Land & Buildings will allocate transactions and opportunities among the various Client accounts in the following manner:

Land & Buildings will determine each investment to be either a limited opportunity or not a limited opportunity investment and will allocate the investment to the accounts accordingly.

For investments deemed by Land & Buildings to not be limited opportunity investments, prior to the execution of any trade, Land & Buildings will determine which accounts will participate in the purchase or sale of a security. Allocations are often proportional to the capital in each account, however, the allocations may vary based on the account's investment objectives and any investment guidelines, the suitability of the investment to the account, and other relevant factors such as targeted net and gross exposure for each account.

For investments deemed by Land & Buildings to be limited opportunity investments, Land & Buildings will make allocations in proportion to the capital in each account if such investment is deemed to be suitable for the account, meets the account's investment objectives and any investment guidelines and meets other relevant factors such as targeted net and gross exposure for each account. Any allocations of limited opportunity investments not in proportion to the capital in each account will be documented with an explanation as to the reason for such allocation.

### **Item 7 – Types of Clients**

Land & Buildings Clients include pooled investment vehicles that it sponsors, including L&B Capital Growth, L&B Onshore, L&B Offshore, and L&B Real Estate, as well as SMAs. SMAs include accounts for pooled investment vehicles and state or municipal entities. Details concerning applicable investor suitability criteria are set forth in the respective Fund governing documents and subscription materials. This brochure is not an offer to invest in the Funds. Any offer to invest in the Funds will only be made through the provision of their confidential offering documents. The Funds are not registered under the Securities Act of 1933 or the Investment Company Act of 1940.

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

Land & Buildings and the Funds have entered into arrangements with investment groups (each a "Special Investor"). The Special Investors have invested a significant amount of capital in the Funds. In consideration for their investment, the Special Investors have certain rights that are in addition to those rights held by other Fund Investors. The Special Investors are entitled to preferential fees, additional withdrawal rights, access to more detailed information and reporting with respect to the Land & Buildings and the Funds and its investment portfolio, and certain exculpation and indemnification rights. The Special Investors are also entitled to receive a portion



of the management fees and Performance Allocations or Fees.

### **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 undertakes industry, company and peer analysis and due diligence to in an effort to gain a detailed understanding of the business prospects and valuation of each potential investment that the investment committee identifies. This analysis seeks to narrow the list of potential investments and includes detailed earnings models, net asset value analyses, property visits and industry channel checks. Land & Buildings analyzes a company and its peers based on both quantitative and qualitative metrics. Quantitative analysis seeks to determine the earnings power of a company and its valuation. The earnings power analysis is based on factors such as supply/demand fundamentals, geographic focus, balance sheet positioning, liquidity metrics and external growth opportunities from acquisitions or development. Valuation is determined by estimating the underlying value of the company's real estate or assets by valuing its real estate and other operating businesses at current market levels on both an absolute and relative basis. Qualitative analysis seeks to determine the quality of a company's management team, business model, markets, assets and growth prospects both on an absolute basis and relative to its peers. 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. It is expected that Land & Buildings will invest Client assets globally, primarily in publicly-traded equity securities of real estate companies, including Real Estate Investment Trusts ("REITs") and Real Estate Operating Companies ("REOCs"), and expects also to capitalize on investment opportunities in real estate intensive infrastructure

companies, and other public companies where it is determined the real estate is under or overvalued.

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

**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.

**Cybersecurity Risk.** As part of its business, Land & Buildings processes, stores and transmits large amounts of electronic information, including strategies and information relating to the transactions of Clients and personally identifiable information of the Clients and Fund Investors. Similarly, service providers of Land & Buildings and the Funds, especially the third-party administrator, may process, store and transmit such information. Land & Buildings has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to Land & Buildings may be susceptible to compromise, leading to a breach of the Land & Buildings network. Land & Buildings systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by Land & Buildings to Clients or Fund Investors may also be susceptible to compromise. Breach of the Land & Buildings information systems may cause information relating to the transactions of Land & Buildings Clients and personally identifiable information of the Fund Investors to be lost or improperly accessed, used or disclosed.

The service providers of Land & Buildings and the Funds are subject to the same electronic information security threats as Land & Buildings. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the strategies and transactions of Land & Buildings or a Client and personally identifiable information of a Fund Investor(s) may be lost or improperly accessed, used or disclosed. The loss or improper access, use or disclosure of Land & Buildings or the Fund's proprietary information may cause Land & Buildings, Fund Investors, or the Clients to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Funds, Clients and Fund Investors as well as their investments.

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

**Risk of Loss of Capital.** The performance of the investment securities is 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.

**Activist Investing.** The success of the Land & Buildings activist investment strategy depends upon, among other things: (i) Land & Buildings ability to properly identify portfolio companies whose securities prices can be improved through corporate and/or strategic action; (ii) Land & Buildings ability to acquire sufficient securities of such portfolio companies at a sufficiently attractive price; (iii) Land & Buildings ability to avoid triggering anti-takeover and regulatory obstacles while aggregating its position; (iv) the willingness of the management of such portfolio companies and other security holders to respond positively to Land & Buildings proposals; and (v) favorable movements in the market price of any such portfolio company's securities in response to any actions taken by such portfolio company. There can be no assurance that any of the foregoing will occur. Corporate governance strategies may prove ineffective for a variety of reasons, including: (i) opposition of the management or investors of the subject company, which may result in litigation and may erode, rather than increase, the value of the subject company; (ii) intervention of a governmental agency; (iii) efforts by the subject company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) market conditions resulting in material changes in the prices of securities; (v) the presence of corporate governance mechanisms such as staggered boards, poison pills and classes of stock with increased voting rights; and (vi) the necessity for compliance with applicable securities laws. In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the transaction or Land & Buildings or a Client and such regulatory agencies may independently investigate the participants in a transaction, including Land & Buildings or the Funds, as to compliance with securities or other law. Furthermore, successful execution of a corporate governance strategy may depend on the active cooperation of investors and others with an interest in the subject company. Some investors may have interests which diverge significantly from those of the Land & Buildings or the Funds, and some of those parties may be indifferent to the proposed changes. Moreover, securities that the Land & Buildings believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the timeframe Land & Buildings anticipates, even if a corporate governance strategy is successfully implemented. Even if the prices for a portfolio company's securities have increased, no guarantee can be made that there will be sufficient liquidity in the markets to allow Land & Buildings or Clients to dispose of all or any of their securities therein or to realize any increase in the price of such securities. Furthermore, the activist investment strategy may give rise to additional conflicts of interest and risks not anticipated herein.

**Risk of Investing in Special Investments.** Fund investors including related persons of Land & Buildings have withdrawal restrictions with respect to such Special Investments. The securities purchased that are designated as Special Investments will also be purchased in the main portfolio of the Funds. The General Partner may sell such securities for the main portfolio and the Special Investment Accounts at different times due to certain circumstances, including, substantial withdrawals from the main portfolio of the Funds. Any such sales could have an adverse impact

on the value of the Special Investment. In addition, Client may not be able to readily dispose of Special Investments and, in some cases, may be contractually or legally prohibited from disposing of such investments for a specified or indefinite period of time.

**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 customer.

*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 affect 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**

**Performance Allocation or Fee.** Land & Buildings right to receive Performance Allocations or Fees 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 Performance Allocations or Fees. Also, since Performance Allocations or Fees are calculated on a basis that includes unrealized appreciation of assets, Performance Allocations or Fees 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 Performance Allocations or Fees were based, the investors will not be entitled to a return of any portion of the prior Performance Allocations or Fees (although it will count against future Performance Allocations or Fees).

**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 Land & Buildings' management.

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

Neither Land & Buildings nor any of Land & Building's 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.

The Relying Adviser is based in Puerto Rico, serves as a sub-adviser to our Clients, and is controlled by the same principal owner as Land & Buildings. The general partners or managing member of the Funds and Relying Adviser possess substantially the same personnel as Land & Buildings and are under common control with Land & Buildings. General partner affiliates or relying advisers are typically formed for legal, tax, regulatory, or other purposes. Land & Buildings or an affiliate is a sponsor and investment manager of pooled investment vehicles, including L&B Capital Growth, L&B Onshore, L&B Offshore, and L&B Real Estate. Land & Buildings and the General Partner to the private funds organized as Delaware limited partnerships are controlled by the same owner. Our private fund Clients do not have independent management, and while our offshore funds or non-US Funds have a majority of independent directors, Land & Buildings or an affiliate hires and retains those directors. Although this arrangement may give us heightened control and discretion over the Funds, we manage any potential conflicts of interest by strictly adhering to the investment strategy and investment allocation policy discussed in their offering documents. By acting as the sponsor and manager of the Funds, the heightened control and governance authority, 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.

Pursuant to an exemption from the Commodity Futures Trading Commission, Land & Buildings is not required to register with the CFTC as a commodity pool operator or as a commodity trading advisor.

Land & Buildings may from time to time offer certain persons, including existing Fund Investors or Clients (including employees or affiliates of Land & Buildings), Special Investors, Fund service providers, or other third parties, the opportunity to co-invest in Special Investments or other investments which would generally occur alongside the main class of the Funds, subject to certain restrictions. In each case where co-investors participate in an investment, such co-investors will bear their *pro rata* share of any expenses associated with such investment. In accordance with our fiduciary duty, Land & Buildings will seek to allocate Special Investments among eligible fund classes and Clients in a fair and equitable basis and in accordance with all relevant guidelines and restrictions as outlined in the applicable fund governing documents and agreements with existing Clients and Fund Investors. Land & Buildings and the General Partner expects to offer certain existing Fund Investors, Clients, and prospective Fund Investors the opportunity to participate in these opportunities from time to time in its sole discretion. Existing and prospective Fund Investors are not required to participate in any particular deal and different limited partners and investors including Fund Investors may participate in one or more deals. Land & Buildings may have conflicts of interest in designating Special Investments as well as allocating Special Investments among eligible share classes and Clients. Special Investments may include instruments that are intended to hedge the target investment and other related investments. Existing and prospective investors should note that Land & Buildings may offer co-investment opportunities such as Special Investments in its sole discretion, is not expected to offer co-investment to all existing Client or Fund Investors and may allocate any such opportunities in its sole discretion. The allocation of co-investment opportunities and subsequent follow-on investments may involve a benefit to Land & Buildings including, without limitation, fees and additional investment in the Funds or a new SMA client relationship. A Special Investment share class or Client may increase or exit positions at different times or proportions relative to the main Fund share class or other Land & Buildings Clients. Current and prospective Clients and Fund Investors are invited to discuss our co-investment policies and procedures with us.

Land & Buildings and its affiliates may also provide certain information to investors or prospective investors in response to questions, requests, portfolio reviews, and/or in connection with due diligence or portfolio monitoring meetings or other communications. Such information will generally not be distributed to other investors and prospective investors who do not request such information. Each investor or prospective is responsible for asking such questions or requesting information as it believes is necessary in order to make its own initial and ongoing investment decisions and must decide for itself whether the limited information typically provided by Land & Buildings is adequate for its investment evaluation.

In addition, Land & Buildings and affiliates (and their families) may, directly or through investments in other investment funds or otherwise, have personal or other interests in the securities in which a Client invests as well as interests in investments in which a Client does not invest. Land & Buildings and affiliates (and their families) also have personal or business relationships with brokers, service providers, Fund Investors, corporate management, directors or other parties with whom Land & Buildings or the Clients themselves have relationships. As a result, the Firm may have conflicts of interest in allocating their time and activity between the Clients and other entities, in allocating investments among the Clients and other entities, and in

effecting transactions, evaluating investments or potential investments, or retaining or evaluating services for Clients and other entities, including ones in which Land & Buildings (and their families) may be employed or have a greater financial interest. Although Land & Buildings will seek to limit any such conflicts and will act in a manner that is in accordance with their fiduciary duties to the Clients, these potential conflicts of interest may have an impact on an employee's ability to perform his responsibilities on behalf of a Client.

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

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

### **Code of Ethics.**

The Code of Ethics (“Code”) has been adopted Land & Buildings and is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (“Advisers Act”).

This Code in conjunction with the firm’s Compliance Manual (“Manual”) establishes rules of conduct for all employees of Land & Buildings. The Code is based upon the principle that Land & Buildings and its employees owe a fiduciary duty to Land & Buildings Clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of Clients, (ii) taking inappropriate advantage of their position with the firm and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. The Code is designed to ensure that the high ethical standards long maintained by Land & Buildings continue to be applied. The purpose of the Code is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. The excellent name and reputation of our firm continues to be a direct reflection of the conduct of each employee. Pursuant to Section 206 of the Advisers Act, both Land & Buildings and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Compliance with this section involves more than acting with honesty and good faith alone. It means that Land & Buildings has an affirmative duty of utmost good faith to act solely in the best interest of its Clients.

Land & Buildings and its employees are subject to the following specific fiduciary obligations when dealing with Clients:

- The duty to have a reasonable, independent basis for the investment advice provided;
- The duty to obtain best execution for a Client’s transactions where the Firm is in a position to direct brokerage transactions for the Client;
- The duty to ensure that investment advice is suitable to meeting the Client’s individual objectives, needs and circumstances; and
- A duty to be loyal to Clients.

In meeting its fiduciary responsibilities to its Clients, Land & Buildings expects every employee to demonstrate the highest standards of ethical conduct for continued employment with Land & Buildings. Strict compliance with the provisions of the Code shall be considered a basic condition of employment with Land & Buildings. The Firm’s reputation for fair and honest dealing with its Clients has taken considerable time to build. This standing could be seriously damaged as the result of even a single securities transaction being considered questionable in light of the

fiduciary duty owed to our Clients. Employees are urged to seek the advice of, the Chief Compliance Officer, for any questions about the Code or the application of the Code to their individual circumstances. Employees should also understand that a material breach of the provisions of the Code may constitute grounds for disciplinary action, including termination of employment with Land & Buildings.

### **Personal Securities Transactions.**

Land & Buildings has adopted the following principles governing personal investment activities by Land & Buildings access persons:

- The interests of Client accounts will at all times be placed first;
- No trading in common equities of companies that are deemed by Land & Buildings to be in the Land & Buildings Client investment universe;
- Employee must obtain pre-approval from the Chief Compliance Officer
- A holding period is required for certain trades in reportable securities;
- Transaction and holdings reports to the Chief Compliance Officer;

On at least an annual basis, each employee will attest that all trading accounts are being disclosed to Land & Buildings;

- Discourages trading in individual companies outside of the Firm's investment universe and recommends that employees invest in the Funds, mutual funds, ETFs, or third party managed accounts;
- Access persons must not take inappropriate advantage of their positions.

The Chief Compliance Officer or a designee will monitor, and review statements furnished by employees for conflicts of interest or Code violations. A copy of the full Land & Buildings Code of Ethics is available upon request.

Land & Buildings, its employees, supervised and access persons, and affiliates (collectively "Related Persons") have investments in the Funds. As a result, Related Persons have an interest in an investment that Land & Buildings or affiliates will also recommend to prospective Fund Investors. In addition, under certain circumstances, employees may hold personal investments in the same portfolio securities that Land & Buildings Clients hold. These personal investments could be in the same security, a related derivative, or in different parts or issues of the same issuer's capital structure. If such an investment poses a conflict of interest, we will seek to act in a way that favors the interests of our Clients. As described previously, Land & Buildings has established procedures under the Code designed to ensure that the personal securities transactions, activities and interests of the supervised persons and access persons of Land & Buildings will not interfere with making decisions in the best interest of Clients while, at the same time, allowing employees to invest for their own accounts.

Certain supervised persons of Land & Buildings may serve on the board of directors of public corporations. In certain circumstances, such services may restrict Land & Buildings ability to make an investment that otherwise would be in one or more Clients' interests. If a Land & Buildings investment professional serves on the board of director of a Client investment, such individual may become subject to fiduciary or other duties which could adversely affect our Clients. Our firm and our officers and employees are strictly prohibited from engaging in



insider trading. Under certain circumstances, we may determine that we, or one of our employees, have obtained, or may have obtained, material non-public information. Our firm maintains a “restricted list” that is designed to prevent our Clients, officers, and employees from engaging in insider trading. Our firm’s use of a restricted list and caution in connection with potential exposure to material non-public information may limit Clients’ investment opportunities.

Section 206(3) of the Advisers Act makes it unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, knowingly to sell any security to or purchase any security from a Client without disclosing to the Client in writing the capacity in which the adviser is acting and obtaining the Client’s consent to the transaction. The SEC has indicated that when an investment adviser and/or its controlling persons own more than 25% of a private fund Client’s outstanding securities, a trade with another Client account or private fund Client should be treated as a principal transaction. Land & Buildings does not anticipate engaging in principal transactions with Clients. Should Land & Buildings decide to engage in a principal transaction with a Client, Land & Buildings will affect the transaction in compliance with Section 206(3) of the Advisers Act.

## 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 affect 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 includes 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.** Section 28(e) of the Exchange Act provides a “safe harbor” to investment managers who use “soft dollars,” (i.e., commissions generated by their advised accounts) to obtain investment research and brokerage services from companies that provide lawful and appropriate assistance to the manager in connection with the investment decision-making process. Land & Buildings uses commission dollars generated by Client trades to pay for research and brokerage services that provide lawful and appropriate assistance to Land & Buildings in carrying out its investment decision-making responsibilities, as permitted under the safe harbor of Section 28(e) of the Exchange Act of 1934. 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. Where a product or service provided has both “eligible” uses under Section 28(e) (i.e., uses related to Land & Buildings investment decision making process) but also has other uses, Land & Buildings will

make a reasonable allocation between the eligible and non-eligible uses and will use soft dollars only for the eligible portion. In making good faith allocations of costs between “ineligible” administrative benefits and “eligible” research and brokerage services, a conflict of interest exists by reason of Land & Buildings allocation of the costs of such benefits and services between those that primarily benefit Land & Buildings and those that primarily benefit the Client. 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 does, 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. Land & Buildings use of soft dollars and receipt of soft dollar benefits presents a potential conflict of interest because Land & Buildings is effectively using Client assets to pay for research that it might be able to generate internally or would otherwise have to purchase. This conflict of interest could motivate Land & Buildings to allocate trades to research providers, even if those providers were not offering the best available execution. As previously mentioned, Land & Buildings considers the amount and nature of research services provided by broker-dealers, as well as the extent to which such services are relied upon and attempts to allocate a portion of the brokerage business of Clients on the basis of that consideration. In addition, broker-dealers sometimes may suggest a level of business that they would like to receive in return for the various services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocations but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described previously. 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.

Land & Buildings has acquired products or services with Client brokerage commissions during the last fiscal year. Services constituting “research” under Section 28(e) that Land & Buildings receives in connection with Client’s trading include, but are not limited to: written (including electronic) information and analyses concerning specific securities, companies or sectors; research reports; financial newsletters and trade journals; corporate governance research and rating services; attendance at certain seminars and conferences; meetings with corporate management; economic and market information; news, quotation, statistics, as well as discussions with research personnel. These research services are received primarily in the form of written reports, calls, and meetings with research analysts or company management.

The investment information and soft dollar benefits received by Land & Buildings from brokers generally is used by Land & Buildings in servicing all Client, though benefits may not be proportional among Clients relative to the Client commissions paid and some services and research may benefit Land & Buildings as well. 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. A broker-dealer is not excluded from receiving business because it has not been identified as providing research or brokerage services. Periodically Land & Buildings considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon and attempts to allocate a portion of the brokerage business of the Clients on the basis of that consideration.

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.** In addition to any soft dollar items Land & Buildings may receive, brokers may provide certain research or other products or services to all of their customers, including Land & Buildings, without being requested to do so. Land & Buildings or affiliates may also receive introductions to Fund Investors through broker-dealers that are prime brokers or who execute trades on behalf of Land & Buildings. In these situations, Land & Buildings receives a benefit because it does not have to pay for the products or services, such as research, or because it will receive additional compensation if a private fund Client accepts new investments through the service provider introduction. Land & Buildings does not believe that it pays any additional fees or higher commissions as a result of these introductions or other products or services. Land & Buildings seeks best execution on all transactions. However, Land & Buildings may have an incentive to select a counterparty, an executing, or a prime broker based on Land & Buildings or an affiliate receiving Fund Investor referrals or other products or services from that counterparty. Land & Buildings does not consider Client or Fund Investor referrals from broker-dealers when making brokerage allocation decisions.

**Directed Brokerage.** Land & Buildings does not recommend, request, require or typically permit a Client to direct Land & Buildings to execute transactions through a specified broker-dealer ("Directed Brokerage"). Land & Buildings will only direct brokerage pursuant to specific instructions that have been signed and dated by the Client. Directed Brokerage may restrict Land & Buildings from achieving the most favorable execution of Client transactions. For example, in a Directed Brokerage SMA, the Client may pay higher brokerage commissions because Land & Buildings may not typically be able to aggregate orders to reduce transaction costs, therefore, the Client may receive less favorable prices. Land & Buildings will also not typically aggregate trades for Directed Brokerage SMAs with non-Directed Brokerage Clients. Land & Buildings will generally place trades on behalf of accounts subject to Directed Brokerage arrangements after trading on behalf of other accounts. Consequently, Clients that instruct Land & Buildings to Direct Brokerage may pay materially disparate commissions, greater spreads, or other transaction costs, or receive less favorable net prices on transactions than would otherwise be the case. Clients that limit Land & Buildings trading partners may also pay materially disparate commissions, greater spreads, or other transaction costs, or receive less favorable net prices on transactions, or not receive the same investment opportunities than would otherwise be the case.

**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. Generally, all Client trades will be allocated proportional to the capital in each participating Client account, (i.e. pro rata according to the size of each participating Client's target order). When an aggregated order is filled through multiple trades at different prices on the same day, each participating Client will receive the average price, with transaction costs generally allocated pro rata based on the size of each Client's participation in the order (or allocation in the event of a partial fill) as determined by Land & Buildings. Participating accounts may also receive a pro rata portion of block executions based on the size of each participating Client's initial target order. However, we may deviate from our general allocation policy to avoid de minimis position sizes, or in other circumstances if we determine that a deviation is fair to all affected Clients. Instances in which Client orders may not be aggregated include, but are not limited to, the following: Land & Buildings determines that the aggregation is not appropriate because of market conditions; situations where Land & Buildings must effect the transactions at different times or prices, making aggregation unfeasible; capital activity; in order to avoid odd lots or de minimis allocations; to align a Client(s) to target exposures determined by Land & Buildings; and a determination is made by Land & Buildings not to aggregate orders because of tax, legal, regulatory or administrative reasons.

Land & Buildings enters into transactions often for Clients when contributions or withdrawals of capital to or from the Clients change our desired portfolio exposures. In these situations, Land & Buildings will often generate orders aimed to adjust a Client's exposure to a commonly held investment to align with a target exposure as determined by Land & Buildings. A Client could be a purchaser or a seller in such transactions. Land & Buildings determines the sequencing of buy and sell orders in these transactions which is generally determined in consideration of market activity and Land & Buildings principles associated with best execution at the time orders are received.

**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.

**Trade Errors.** The Land & Buildings policy and practice is to monitor and reconcile all trading activity, identify and resolve any trade errors promptly, document each trade error with appropriate supervisory approval and maintain a trade error file. If the trade error impacts a Fund and is the result of fraud, gross negligence, or willful misconduct on the part of Land & Buildings, Land & Buildings will be responsible for reimbursing the Fund for the loss resulting from the trade error. All other trade errors that impact the Funds will be borne by the Funds. Land & Buildings has a conflict of interest in determining whether an error has occurred or was caused as a result of fraud, gross negligence, or willful misconduct. If Land & Buildings makes an error while placing a trade for a SMA, Land & Buildings will seek to correct the error promptly in a way that mitigates any losses. Land & Buildings may bear any costs associated with correcting any error for a SMA subject to the terms of the relevant investment management agreement. Gains associated with any trade error shall be retained by the affected Client(s). To the extent an error is caused by a third party, such as a broker, Land & Buildings will seek to recover any losses associated with the error from that third party. However, there is no guarantee that Land & Buildings will be able to do so. Land & Buildings will not use soft dollars or commitments of future brokerage business to compensate any broker-dealer for absorbing the cost of a trade error.

### **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 Principal, founder, and Chief Investment Officer, Jonathan Litt. A review of a Client account may also be triggered by any unusual activity or special circumstance.

Land & Buildings sends to each limited partner or Fund Investor annual audited financial statements with respect to the Fund, unaudited monthly capital account statements, and a copy of Schedule K-1 that reports the investor's allocable share of the Fund's federal income tax return for the preceding fiscal year. SMAs typically receive monthly performance estimates and/or periodic narrative-style portfolio updates from Land & Buildings.

#### **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 has engaged Stifel, Nicolaus & Company, Incorporated (“Stifel,”), an unaffiliated FINRA member broker-dealer, to provide Client referrals for compensation (“Solicitor”). Land & Buildings may enter into arrangements with other Solicitors for introducing potential Clients. Solicitors that refer potential Clients or Fund Investors to Land & Buildings are subject to a conflict of interest because they will be compensated in connection with their solicitation activities. Solicitation fee arrangements will be disclosed to Clients introduced under such arrangements. Client or investor referrals from an entity or affiliate that serves as an executing broker may also create a conflict of interest in that it may create an incentive for Land & Buildings to direct additional brokerage to Stifel or an affiliate. As mentioned in Item 12 above, Land & Buildings does not consider Client or Fund investor referrals from broker-dealers when making brokerage allocation decisions. Land & Buildings also has policies and procedures designed to seek best execution on all transactions and periodically monitor and evaluate service providers. Land & Buildings requires adherence to SEC rule 206(4)-3 (the “Solicitor’s Rule”), which includes receipt of both a solicitor’s written disclosure document and acknowledgement of receipt of Land & Buildings ADV Part 2A, each signed and dated by the Client.

#### **Item 15 – Custody**

Land & Buildings is deemed to have custody of the Funds’ assets because of the authority that Land & Buildings and/or its affiliated entities have over those assets. The Funds financial statements are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each Fund Investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 120 days of a private fund Clients’ fiscal year end. Our private fund Clients’ cash and securities are generally held by banks and broker/dealers that meet the definition of a “qualified custodian” under the SEC’s “custody rule.”

For SMAs, Land & Buildings does not have custody as defined by the Advisers Act since it does not have the authority to hold, directly or indirectly, Client funds or securities or have the authority to obtain possession of them. Land & Buildings SMA Clients receive account statements directly from their qualified custodian, who maintains the Clients’ assets, in addition to receiving periodic reporting from Land & Buildings. Land & Buildings encourages SMA Clients to carefully review and compare the account statement received from its custodian to the reporting received from Land & Buildings.

#### **Item 16 – Investment Discretion**

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

For the funds for which Land & Buildings is the investment manager, each investor authorizes such discretion to the General Partner or the investment manager in the limited partnership agreement or fund governing documents. SMA Clients authorize such broad discretion in the investment advisory agreement. The terms of the investment advisory agreement may limit Land & Buildings authority to purchase securities that are inconsistent with the investment objectives. SMAs may further limit Land & Buildings discretion through reasonable restrictions on the account. These restrictions generally take the form of prohibitions or constraints with respect to particular securities, issuers, strategies, financial instruments, leverage, or exposures.

### **Item 17 – Voting Client Securities**

Land & Buildings generally has authority to vote Client securities for Funds and SMAs. The terms of the investment advisory agreement with SMAs determine if Land & Buildings has authority to vote proxies on behalf of the SMA account owner. Land & Buildings may document and abide by any specific proxy voting instructions conveyed by a SMA Client with respect to that Client's securities. SMA Clients may contact Land & Buildings to revoke discretionary voting authority for a particular proxy solicitation or all proxies. 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 (i) Clients no longer hold the securities at the time of the vote (whether or not they held them on the record date of the vote), (ii) Land & Buildings, on behalf of Clients, has a net short position in such issuer, (iii) shares are on loan and are not recalled for voting purposes, or (iv) voting in certain countries involves "share blocking," which limits Land & Buildings ability to sell the affected security during a blocking period. Not all of such matters are relevant or equally influential on all voting event decisions. A copy of Land & Buildings proxy voting policies and procedures is available upon written request. SMAs can also receive information on how Land & Buildings voted proxies for their account upon request.

Barring a contractual obligation Land & Buildings refrains from participating in class actions where Land & Buildings believe that either the recovery amounts are likely to be de minimis or Land & Buildings has reservations on the security measures to protect the data submission in connection with the proof of claim. Consequently, Land & Buildings generally does not participate in class action on behalf of Clients. If Land & Buildings does participate and later receives any recovery amounts, they will be distributed to the applicable Clients at the time the recovery amounts are received from the settlement agent.

### **Item 18 – Financial Information**

Land & Buildings is not aware of any financial commitment that impairs its ability to meet

contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy proceeding.