

BROCHURE
Form ADV Part 2A

Paladin Realty Partners, LLC

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This brochure provides information about the qualifications and business practices of Paladin Realty Partners, LLC.

If you have any questions about the contents of this brochure, please contact us at (310) 996-8721 and/or mленard@paladinrp.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Paladin Realty Partners, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 - MATERIAL CHANGES

This brochure is a new document prepared in connection with the application of Paladin Realty Partners, LLC for registration as an investor adviser with the SEC.

Following the registration of Paladin Realty Partners, LLC with the SEC, this Item 2 will be used to provide a summary of material changes that are made to a brochure since its last annual update.

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ITEM 4 - ADVISORY BUSINESS

A. Description of Advisory Firm

Paladin Realty Partners, LLC, a Delaware limited liability company ("Paladin"), is controlled and substantially wholly-owned by its senior executives - currently James R. Worms, Michael B. Lenard, John A. Gerson, Fred Gortner, Phil Fitzgerald, Whitney Greaves and Jay Hartman. Paladin is managed by an executive committee consisting of James R. Worms, Paladin's Chairman and Chief Executive Officer, Michael B. Lenard, Senior Managing Director, Counselor and Chief Compliance Officer, and John A. Gerson, Senior Managing Director and Chief Financial Officer (the "Executive Committee"). Paladin was formed in 2005, but the core group of its senior executives worked in Paladin's predecessor entities and have been in business since 1995. Paladin, directly or indirectly, provides investment advisory services to private investment vehicles sponsored by Paladin or its affiliates for the purpose of making real estate investments, as well as their related investment vehicles, such as parallel funds, alternative investment vehicles, and co-investment vehicles (collectively, such funds and related vehicles, together with subsequently sponsored funds and their related vehicles, and any similar pooled investment vehicles formed or managed by Paladin or its affiliates, will be referred to as the "Paladin Funds"). For purposes of this brochure, "Paladin Funds" also includes special purpose investment vehicles formed or managed from time to time by Paladin or its affiliates to facilitate joint investments in specific entities, properties or other assets and/or other entities or persons on behalf or for the benefit of whom Paladin or its affiliates make or manage investments from time to time. Paladin, through a controlled affiliate, also provides investment advice to Paladin Realty Income Properties, Inc., an SEC-registered, non-traded real estate investment trust (the "Paladin REIT"). For more information regarding the Paladin REIT, including the fees, investment strategies, investment risks, and potential conflicts of interest of the Paladin REIT, please see the Paladin REIT's filings with the SEC, which are publicly available through the SEC's website at www.sec.gov.

Certain affiliates controlled by or under common control with Paladin may serve as the general partner (or equivalent position) or investment manager of Paladin investment vehicles. Such affiliates are supervised persons of Paladin and intend to conduct their activities in accordance with the Investment Advisers Act of 1940, as amended (the "Advisers Act") and the rules thereunder. Any employees of such affiliate(s), and other persons acting on their behalf, are and shall be subject to the supervision and control of Paladin. Such affiliates that are not separately registered are relying on Paladin's registration under the Advisers Act and are not registering themselves. All references herein to "Paladin" shall include such affiliates as applicable.

B. Types of Advisory Services Offered

Paladin, directly or indirectly, provides advice to the Paladin Funds and the Paladin REIT in respect of their real estate-related investment portfolios, as well as certain ancillary managerial and administrative services, including, without limitation, identifying and screening potential investments, recommending strategies for the management and disposition of investments, monitoring the performance of investments, and preparing reports necessary or appropriate for compliance with the governing agreements of the Paladin Funds and the Paladin REIT. Investments in Paladin Funds are privately offered only to qualified investors, typically

institutional investors (for example, public and private pension funds) and eligible high-net-worth individuals. See also Item 4.A. above.

C. Services Tailored to Individual Needs of Clients

Paladin's advisory services are geared to the management of the Paladin Funds and the Paladin REIT, the investment objectives, parameters and restrictions of which are disclosed to investors in the applicable offering materials and/or governing agreements before they invest. Investment restrictions applicable to specific Paladin Funds are customarily imposed in the governing agreements for such Paladin Funds, as agreed upon with investors.

Paladin or certain affiliates may also enter into side letters or other writings with specific Paladin Fund investors which have the effect of establishing rights under, or altering or supplementing, the terms of Paladin Fund agreements, in respect of the investor to whom such letter or writing is addressed. Any rights established, or any terms altered or supplemented, will govern only that Paladin Fund investor and not a Paladin Fund as a whole. Such side letters may impose restrictions on participation in certain investments or types of investments made by the Paladin Funds, and may also provide benefits to certain investors in a Paladin Fund not provided to investors in such Paladin Fund generally (for example, adjustments to fees or other economics, access to information, ability to transfer interests in a Paladin Fund or compliance with specified laws or regulations). Neither Paladin nor its affiliates will enter into a particular side letter if Paladin determines that the provisions contained in such side letter would be disruptive to the applicable Paladin Fund or its investment program. Disclosure of applicable side letter practices is made to investors prior to their investment in the applicable Paladin Fund.

D. Wrap Fee Programs

Wrap fees are comprehensive fees charged to a client for providing a bundle of services, such as investment advice, investment research and brokerage services. Paladin does not participate in wrap fee programs.

E. Client Assets

As of November 30, 2011, Paladin managed approximately \$1,095,000,000 of client assets on a discretionary basis. As of November 30, 2011, Paladin did not manage any assets on a non-discretionary basis.

ITEM 5 - FEES AND COMPENSATION

A. Fees

The applicable fees for each Paladin Fund are disclosed to investors in the private offering materials and/or governing agreements for the relevant private offering of each Paladin Fund, and the applicable fees for the Paladin REIT are disclosed to investors in its prospectus. These fees may vary for future Paladin investment vehicles. In all cases investors in the applicable Paladin investment vehicle agree to such fees in writing.

In general, fees earned by Paladin or its affiliates for Paladin Funds that are “qualified persons” consist of the following:

- A management fee, typically between, 1.5% and 2.5%, calculated on the capital committed by an investor in such a fund and after the end of such fund’s investment period calculated on the amount of unreturned capital contributed by such investor to such fund.
- A performance fee (or “carried interest”) typically equal to 20% of any amounts distributed to such investor subject to the investor first receiving a “preferred return” on its contributed capital plus the return of such capital. The preferred return (which typically ranges between 8% and 10%) is typically calculated at a compounding rate similar to interest. These fees only are paid when and if earned.
- In certain special situations, Paladin or an affiliate may receive an asset management fee or a fee upon acquisition or disposition of an investment.
- Paladin may negotiate with certain investors in a fund for lower fees, usually based on the size of an investor’s capital commitment.

In general, fees earned by Paladin or its affiliates for Paladin Funds that are not “qualified persons” will entail the following:

- A property management fee, typically up to 5%, calculated on the income from the investment, paid at the property level. These fees generally are payable monthly or quarterly in arrears.
- An administration fee, typically between \$2,000 and \$3,000 per month and generally paid quarterly in arrears.
- A performance fee (or “carried interest”) typically 20% to 50% of any amounts distributed to such investor subject to the investor receiving a “preferred return” on its contributed capital plus the return of such capital. The preferred return (which could range between 8% and 12% or higher depending upon the size of the performance fee) is typically calculated at a compounding rate similar to interest. These fees only are paid when and if earned.
- In certain special situations, Paladin or an affiliate may receive an asset management fee or a fee upon acquisition or disposition of an investment.

Any offering of shares of the Paladin REIT is subject to up-front commissions, fees and expenses paid by investors, and Paladin REIT shareholders are subject to a continuing asset management fee paid to a Paladin affiliate (typically equal to between 0.30% and 0.60% of (1) the purchase price of real property acquired directly, (2) the Paladin REIT’s allocable cost of real property if acquired in a joint venture or (3) the funds advanced in a real estate related investment). Paladin REIT shareholders are also subject to certain other fees as well as expense reimbursements paid to Paladin or its affiliates, and certain subordinated disposition fees and participation interests paid to Paladin or its affiliates. The commissions, fees and expenses of the Paladin REIT are disclosed to investors in the Paladin REIT’s prospectus before they invest.

B. How Fees are Charged

If applicable, management fees are generally payable quarterly in advance by a Paladin Fund. Management fees may be paid by capital contributions from Paladin Fund investors to each Paladin Fund made pursuant to capital call notices delivered by each Paladin Fund's general partner or managing member, or may be paid out of cash otherwise available to the Paladin Fund, for example, following a Paladin Fund's receipt of proceeds from the sale of an underlying investment.

As noted above, in certain of the Paladin Funds, Paladin or an affiliate is entitled to "carried interest," or performance fees, to the extent provided in the applicable Paladin Fund governing agreement. Performance fees are typically measured as a percentage of the profits of a Paladin Fund and are negotiated separately for each Paladin Fund at a rate consistent with industry standards. Such fees are typically paid out of cash otherwise distributable by the Paladin Fund, such as the receipt by such Paladin Fund of proceeds from the disposition of a portfolio investment. Any such performance fees are specifically disclosed to investors prior to investment in the governing agreements of the applicable Paladin Fund.

C. Other Fees and Expenses

Fees unrelated to securities management functions may be paid to Paladin or to a Paladin Fund's general partner, managing member, or affiliates. For example, Paladin or its affiliates may receive certain project-level fees for services rendered to a particular real estate project in which a Paladin Fund invests (e.g., the "property management fees" described in Item 5.A above). These potential fee arrangements are disclosed in the private offering materials and/or governing agreements for each particular private vehicle offering. To the extent Paladin or any affiliate receives such other fees for services provided to a particular project, such fees will be paid by the Paladin Fund's individual projects and credited as provided in the Paladin Fund's private offering materials and/or governing agreements.

Paladin Funds are also subject to customary expenses, including fees, costs and expenses related to the purchase, holding and sale of investments, expenses of any administrators, custodians, counsel and accountants (including audit fees), any insurance, indemnity or litigation expenses, and any taxes, fees or other governmental charges levied against a Paladin Fund investment vehicle, and expenses arising in connection with the formation, launch and closings of a Paladin Fund (as described in, and subject to limits on such organizational expenses as set forth in, the applicable Paladin Fund governing agreements). The Paladin REIT is subject to similar expenses (as applicable), as well as additional fees and expenses incurred in connection with the offering of shares, as disclosed to investors in the Paladin REIT prospectus.

Given the nature of the Paladin Funds' and the Paladin REIT's investment program, Paladin does not usually transact through broker-dealers. Therefore, investors in Paladin Funds and the Paladin REIT do not generally incur brokerage costs. A discussion of Paladin's brokerage practices may be found at Item 12 of this brochure.

D. Refunds for Fees Charged in Advance

Management fees are generally paid by Paladin Funds in advance of any securities management functions performed by Paladin. Fees assessed against the Paladin Funds are typically paid from amounts contributed to each such Paladin Fund by its investors in accordance with the commitments of capital such investors make to the Paladin Fund, or are paid out of cash otherwise available to the Paladin Fund. Should Paladin's services be terminated before services are provided for the period, fees assessed in advance will be returned under a method that is reasonably determined to be fair. In general, such returned fees would be pro-rated from the date of Paladin's termination to the end of the period to which the advance fee covered. Paladin's advisory engagements for the Paladin Funds will be subject to termination upon advance notice by either the general partner or managing member of the applicable Paladin Fund or by Paladin.

E. Compensation for Sales of Securities

Neither Paladin nor its supervised persons accepts compensation for the sale of securities or other investment products.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As noted above, a Paladin Fund is typically subject to a "carried interest" or performance fee that is paid to the Paladin Fund's general partner/managing member or an affiliate thereof. These fees are typically measured as a percentage of the profits of a Paladin Fund and are negotiated at a rate consistent with industry standards and in compliance with the Advisers Act. No performance fee is charged in respect of any Paladin Fund investor unless such investor is reasonably believed to be either a "qualified client" (within the meaning of Advisers Act rule 205-3) or a non-U.S. person. Currently, the amount of these fees, where applicable, is typically approximately 20% of the profits of a Paladin Fund (or higher for Paladin Funds that are not "qualified persons", as noted in Item 5.A above), subject to the specific formula provided in a given Paladin Fund's governing agreements.

Paladin manages Paladin Funds yielding different performance fees (if any) and the Paladin REIT (which is subject to a different fee structure). Paladin and its supervised persons face a potential conflict of interest in managing such Paladin Funds and the Paladin REIT at the same time, including that Paladin and its supervised persons may have an incentive to favor accounts for which Paladin or its supervised persons receive a performance-based fee. Additionally, the existence of carried interest may create an incentive for Paladin and its supervised persons to make riskier or more speculative investments on behalf of a Paladin Fund with a carried interest arrangement than would be the case in the absence of such an arrangement. Relevant conflicts of interest, and the methods Paladin and its supervised persons utilize to address these conflicts, are disclosed to Paladin Fund investors in each applicable Paladin Fund's governing agreements and to Paladin REIT investors in the Paladin REIT's prospectus before they invest. Where an investment opportunity is suitable for more than one Paladin Fund and/or the Paladin REIT, Paladin will allocate such investment in a manner determined to be fair and reasonable, and in accordance with the offering materials and governing agreements of the applicable investment vehicles. For additional information on how Paladin addresses such conflicts, see Item 10.C below.

ITEM 7 - TYPES OF CLIENTS

Paladin generally provides investment advice solely to the Paladin Funds and the Paladin REIT. The Paladin Funds are private equity real estate investment funds and related investment vehicles and accounts. Interests in the Paladin Funds are offered privately only to qualified investors, typically institutional investors (for example, public and private pension funds) and individuals who qualify to invest in the Paladin Funds because they have a sufficiently high income or net worth. Paladin typically imposes a minimum investment in connection with investing in a Paladin Fund, often in the range of \$5 million to \$10 million, although such minimums may be waived in the discretion of Paladin. On occasion, Paladin also may offer investment opportunities to its qualified professional personnel, as well as other qualified institutions or individuals who have a pre-existing relationship with Paladin or offer expertise or other assistance with respect to a particular investment area or portfolio investment. In addition, Paladin and/or its affiliates make capital commitments to the Paladin Funds for investment at the same time and on the same terms (at the level of the portfolio investment) as other commitments to the Paladin Funds.

The Paladin REIT is an SEC-registered, non-traded investment vehicle. Minimum investor suitability standards for the Paladin REIT are disclosed in the Paladin REIT prospectus on file with the SEC, which is publicly available at www.sec.gov.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies

Paladin typically invests assets of the Paladin Funds and the Paladin REIT in a variety of real estate projects in the U.S. and/or Latin America. Each Paladin investment vehicle has a different investment mandate, but investments made by the Paladin Funds and the Paladin REIT may generally include investments in residential real estate, as well as in office, retail, industrial and lodging properties. Paladin seeks real estate investments that display attractive demand and supply fundamentals. Investors are provided with more detailed information on the investment strategies and geographic focus of an applicable Paladin Fund (or the Paladin REIT) before they invest.

Participation in any Paladin Fund or the Paladin REIT involves a risk of loss that investors should be prepared to bear, including up to the entire amount of their investment or commitment. For a discussion of material risks, see Item 8.B immediately below.

B. Material Risks

Investing in the Paladin REIT and in private investment funds like the Paladin Funds involves a wide range of risks. Investors are provided with more detailed information regarding material risks to which an investment in a Paladin Fund and/or the Paladin REIT is subject before investing. Such material risks include, but are not limited to, those set forth below.

Risks Related to Real Estate

The investment vehicles managed by Paladin are subject to risks related to real estate investments generally. Real estate investments may be adversely impacted by government regulation (including environmental laws and regulations), uninsurable losses, uncertainties relating to the development and/or construction of undeveloped properties and other factors, including those which are not under the direct control or influence of Paladin (such as natural disasters or general market and economic conditions).

U.S. and global market and economic conditions may decrease the demand for real estate and may impact the Paladin Funds' ability to, among other things, make and dispose of investments on favorable terms or at favorable times, access credit markets on favorable terms (or at all), and attract co-investors and other counterparties to do business with the Paladin Funds. There can be no assurance as to the future direction of national and global market and economic conditions. The use of borrowed money to make an investment in or otherwise by or for a particular real estate project may also increase the exposure of a Paladin Fund to adverse economic factors.

The market for attractive real estate investment opportunities is highly competitive. Paladin's ability to compete depends on, among other things, the retention of its personnel and its ability to identify, analyze and secure investments. Success also depends on, among other things, the accuracy of information received and assumptions made at each step of the investment process, as well as factors beyond the control of Paladin. The unfavorable performance of even a single investment may substantially adversely impact a Paladin Fund.

Risks Related to International Real Estate

Certain Paladin Funds may invest a substantial portion of their assets (and, in certain instances, all of their assets) in non-U.S. countries, particularly Latin American countries such as Brazil, Mexico and others. Investing in such countries entails additional risks, including political and sovereign stability, varying and uncertain legal systems, inflation, repatriation and investment limitations, nationalization and/or confiscation without fair compensation, economic and political uncertainty, changes in tax laws, different construction standards, termination of government programs supporting economic growth, real estate development and mortgages, fluctuating currency exchange rates and other factors.

Risks Related to Real Estate Joint Ventures

Certain Paladin Funds also may invest a substantial portion of their assets through joint ventures with local landowners or developers. Investments made in such joint ventures may involve additional risks, including, without limitation, the possibility that the joint venture partners will be unable to perform their obligations well (or at all), suffer financial difficulty, take actions contrary to the terms of the joint venture or Paladin's directions, incur liabilities for the joint venture and potential liability to a Paladin Fund, or have goals that are inconsistent with Paladin.

Other Risks Related to Investing in the Paladin Funds

Paladin Fund investors are, and will be, severely restricted in their ability to assign, sell, exchange or transfer their interests in, or to withdraw from, a Paladin Fund, and must be prepared to bear the risks of owning interests for an extended period of time. Paladin also does not intend to cause the Paladin Funds to be registered under the Investment Company Act of 1940, and therefore Paladin Fund investors are not afforded the protections of the Investment Company Act of 1940.

Paladin Funds are generally structured so that their underlying assets will not constitute assets of any plan subject to Title I of ERISA or Section 4975 of the United States Internal Revenue Code of 1986, as amended. This may restrict a Paladin Fund's activities, preclude it from making certain investments, and require it to take actions that may expose the assets of the Paladin Fund to claims or liabilities. Failure to structure the Paladin Fund accordingly may also expose a Paladin Fund to additional duties and liabilities under ERISA.

Paladin Funds are generally expected to be treated as pass-through vehicles for U.S. federal income tax purposes. Investments in Paladin Funds give rise to a variety of complex U.S. federal income tax and other tax issues for both tax-exempt and non tax-exempt investors. The Paladin Funds' investments in non-U.S. countries (primarily Latin American countries such as Brazil) present additional unique tax risks for investors in the Paladin Funds.

The Paladin Funds may employ hedging techniques that may entail certain other risks, and may result in a poorer overall performance for a Paladin Fund than if it had not entered into such hedging transactions. Each Paladin Fund's indemnification obligations to its general partner/managing member and certain other related parties are payable from Paladin Fund assets and could materially impact the returns of Paladin Fund investors. Additionally, the Paladin Funds' governing agreements generally limit the circumstances under which such indemnified parties can be held liable to the Paladin Funds or their investors.

Other Risks Related to Investing in the Paladin REIT

Investing in the Paladin REIT involves additional risks beyond the risks noted above. Such risks, which are disclosed to investors in further detail in the Paladin REIT's prospectus before they invest, include the potential risk of dilution due to the offering of additional shares, limitations on change of control, and risks relating to the Paladin REIT's debt and equity funding. Additionally, the Paladin REIT expects to be taxed as a REIT, which gives rise to additional tax considerations and risks not relevant to the Paladin Funds, including risks associated with the failure to make required distributions.

Potential Conflicts of Interest

There will be occasions when Paladin and its affiliates may encounter potential conflicts of interest in connection with Paladin Funds and the Paladin REIT. Such conflicts may include, but are not limited to, the following:

- The existence of “carried interest,” which is discussed further in Item 6 above.
- A Paladin Fund’s general partner/managing member may engage in transactions on behalf of a Paladin Fund with Paladin or its affiliates (for example, Paladin or its affiliates may receive certain project-level fees for services rendered to, or in connection with, a particular real estate project).
- The general partner or managing member of a Paladin Fund may elect to co-invest the Paladin Fund’s capital with other investors who have preexisting investments with other Paladin Funds or Paladin affiliates on different terms.
- Paladin personnel generally devote time to multiple Paladin investment vehicles and activities of other Paladin affiliates.
- Paladin Funds and/or the Paladin REIT may on occasion engage in certain affiliated or interested transactions, as further discussed in Item 11 below.
- As further discussed in Item 6 above and Item 10.C below, Paladin may be presented from time to time with investment opportunities that meet the investment objectives of one or more Paladin Funds and/or other Paladin-advised investment vehicles.

Conflicts of interest, and the methods Paladin and its supervised persons utilize to address these conflicts, are generally disclosed to investors in each applicable Paladin Fund’s governing agreements (and the Paladin REIT’s prospectus) before they invest.

To address conflicts of interest such as those described above, Paladin investment professionals prepare an investment memorandum for each new investment opportunity or other transaction. Paladin’s Chief Compliance Officer (the “CCO”) reviews these investment memoranda. If the CCO identifies any actual or potential conflicts of interest, the CCO reviews the actual or potential conflicts with the Executive Committee and legal counsel, if deemed appropriate, in order to recommend courses of action to the Executive Committee. The Executive Committee determines the specific actions to be taken.

In addition, the governing agreements for Paladin Funds generally contain specified procedures to address certain conflicts of interests. These procedures may include (i) requiring a Paladin Fund general partner/managing member to take certain actions to mitigate the conflict of interest or (ii) referring a conflict of interest transaction to a Paladin Fund’s advisory committee. A Paladin Fund’s advisory committee is typically comprised of representatives of investors in the applicable Paladin Fund and is typically authorized to grant consents on behalf of the Paladin Fund. The Paladin REIT also has procedures in place to address potential conflicts (as disclosed in its prospectus), including reporting potential conflicts to its independent directors.

C. Recommendations of Particular Securities

The Paladin Funds and the Paladin REIT have traditionally invested in a variety of real estate projects, including residential housing and office, retail, industrial and lodging properties. The risks described in Item 8.B apply with respect to each of these investment types.

ITEM 9 - DISCIPLINARY INFORMATION

Paladin is not aware of any legal or disciplinary events that would be material to a client's or prospective client's evaluation of its advisory business or the integrity of its management.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealers

Neither Paladin nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

B. Futures and Commodity Trading

Neither Paladin nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Material Relationships

Paladin and its affiliates form Paladin Funds to make private equity real estate and related investments. Paladin provides investment management services to such Paladin Funds and the Paladin REIT. These relationships and related management or other fees are disclosed in the private offering materials in connection with the launch of such Paladin Funds (and in the Paladin REIT's prospectus).

Paladin Funds and the Paladin REIT may on occasion compete for the same investment opportunities. In response to the potential conflicts created by such competition, Paladin seeks to allocate investment opportunities among such investment vehicles in a fair and equitable manner, bearing in mind, among other things, the size, investment objectives, risk tolerance, return targets, permissible and preferred asset classes and liquidity needs of each investment vehicle. In addition, certain Paladin Fund governing agreements prescribe additional requirements for the allocation of investment opportunities, which will be disclosed to investors prior to their investment in such Paladin Fund. Under no circumstances may Paladin or any affiliate allocate investment opportunities based on anticipated compensation or profits to Paladin, any affiliates or their employees. Each Paladin Fund and the Paladin REIT has its own investment guidelines, charter and/or organizational documents that are taken into account when making investment allocation determinations.

Conflicts of interest, and the methods Paladin and its supervised persons utilize to address these conflicts, are disclosed to Paladin Fund investors in further detail in each applicable Paladin Fund's governing agreements (and to Paladin REIT investors in its prospectus) before they invest.

D. Recommendation or Selection of Other Investment Advisers

Paladin does not recommend or select other investment advisers for its clients, nor does it receive compensation directly or indirectly from any such advisers.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics

Paladin is a fiduciary to its clients, currently the Paladin Funds and the Paladin REIT (collectively, the “Paladin Clients”). This means that Paladin and its employees must put the interests of the Paladin Clients first. To that end, Paladin employees are required to:

- Place the interests of the Paladin Clients above any personal interests;
- Seek to identify conflicts of interest and observe established resolution procedures as described in Paladin’s Code of Ethics and Compliance Manual;
- Avoid misleading or inaccurate statements that may be attributed to Paladin;
- Conduct personal securities transactions in a manner consistent with Paladin’s Code of Ethics (including pre-clearance (if applicable) and reporting of transactions);
- Report any violations of Paladin’s Code of Ethics, or Paladin’s Compliance Manual generally, to its CCO; and
- Comply with Paladin’s Code of Ethics, its Compliance Manual, and applicable provisions of the federal securities laws as well as any other laws applicable to Paladin.

See Items 11.C and 11.D below for further details regarding Paladin’s Code of Ethics.

Copies of Paladin’s Code of Ethics are available to any client or prospective client upon request.

Paladin’s policies and procedures for addressing conflicts of interest generally are also described in more detail at Item 8.B above.

B. Participation or Interest in Client Transactions

Paladin provides ongoing portfolio management for the Paladin Clients. Investment decisions with respect to the Paladin Clients are proposed by the applicable investment committee(s) in respect of each Paladin Client (each, an “Investment Committee”) and are ultimately made by the Executive Committee. The applicable Investment Committees are responsible for monitoring and managing each respective Paladin Client’s investment portfolio in accordance with the particular Paladin Client’s investment objectives, limitations, and guidelines, and as set forth in the Paladin Client’s governing agreements.

Paladin is subject to restrictions disclosed to investors in the applicable Paladin Client offering materials and governing agreements relating to principal transactions, cross trades and other affiliated transactions, in which Paladin or its employees may have interests that are adverse to, or in any event potentially not aligned with, the interests of one or more of the Paladin Clients.

A “principal transaction” occurs when Paladin, or one of its affiliates, sells a security to or buys a security from an advisory client (currently, the Paladin Clients). Principal transactions are generally permitted only if Paladin (i) makes written disclosure to the Paladin Client of the capacity in which it is acting and (ii) obtains the Paladin Client’s prior consent to the transaction. Paladin will not ordinarily enter into principal transactions. However, if Paladin deems it to be in a Paladin Client’s best interest to be party to a principal transaction, Paladin may enter into a principal transaction if the transaction complies with the applicable Paladin Client’s governing agreements and SEC requirements and if Paladin consults with its CCO prior to entering into such transaction.

A “cross trade” occurs when an investment is sold from one Paladin Client to another. Cross trades present a risk that the terms of the transaction favor one Paladin Client (and its underlying investors) at the expense of the other. Because an affiliate of Paladin may control one or more Paladin Clients, it faces conflicts of interest in seeking to establish fair terms for such a transaction. Any such cross trades will be effected only in accordance with the Advisers Act and otherwise in compliance with the procedures set forth in the applicable offering materials and governing agreements of the Paladin Clients.

An “affiliated transaction” includes a principal transaction, a cross trade and any other transaction in which Paladin or any of its employees has any other interest in the transaction. In general, the governing agreements of each Paladin Client prohibit any transaction if such transaction would create a potential conflict of interest on the part of Paladin, without the consent of the applicable Paladin Client(s).

To address the conflicts of interest described above, Paladin investment professionals prepare an investment memorandum for each new investment opportunity or other transaction. The CCO reviews these investment memoranda. If the CCO identifies any actual or potential conflicts of interest, the CCO reviews the actual or potential conflicts with the Executive Committee and legal counsel, if deemed appropriate, in order to recommend courses of action to the Executive Committee. The Executive Committee determines the specific actions to be taken.

C. Personal Trading

Conflicts of interest may arise between a Paladin Client and Paladin when Paladin or a related person invests in the same securities that it recommends to Paladin Clients, or has another interest in a transaction that is, or may be, in conflict with the interest of any of the Paladin Clients.

Paladin employees may have personal conflicts of interest, such as (i) a material interest in a transaction to be entered into with or for a Paladin Client, (ii) a relationship that gives or may give rise to a conflict of interest in relation to a transaction or (iii) another interest in a transaction that is, or may be, in conflict with the interest of any Paladin Clients.

To address these conflicts, Paladin's Code of Ethics (discussed in Item 11.A above) requires, among other items, that each Paladin employee submit to the CCO a report of his or her current holdings of covered securities, including securities holdings of any account which such employee manages or exercises (or shares) investment discretion, as well as holdings of his or her domestic partner and any immediate family members residing with or materially supported by the employee (collectively, "Immediate Family Members"). The employee must update this report.

Paladin's Code of Ethics also requires that all Paladin employees and their Immediate Family Members obtain the approval of the CCO before directly or indirectly acquiring beneficial ownership in any security in an initial public offering or a private transaction (*e.g.*, private placements and limited offerings). The CCO may place additional restrictions on an employee's personal trading activities. The CCO monitors employees' personal securities trading for unusual or excessive trading patterns.

D. Personal Trading Contemporaneous with Client Transactions

Given the nature of the Paladin Client's investment programs, Paladin's investment advice principally relates to real estate (rather than securities). However, conflicts of interest may arise when Paladin (or a related person) or its employees buy or sell securities for client accounts at or about the same time as it buys or sells the same securities for its own account. In these situations, Paladin addresses actual or potential conflicts of interest in the manner outlined in Item 11.C above.

In addition to the report of current holdings described in Item 11 C. above, Paladin's Code of Ethics mandates that employees and their Immediate Family Members may only maintain securities account(s) (over which they have direct or indirect influence or control) with a financial institution with the CCO's prior written consent, and only so long as the employee promptly provides to the CCO transaction confirmations, monthly statements and year-end statements for the account(s). All Paladin employees and their Immediate Family Members must also obtain the approval of the CCO before directly or indirectly acquiring beneficial ownership in any security in an initial public offering or a private transaction (*e.g.*, private placements and limited offerings). The CCO may place additional restrictions on an employee's personal trading activities. The CCO monitors employees' personal securities trading for unusual or excessive trading patterns.

Employees are generally not permitted to buy or sell any security (or cause another person to do so) if the employee is in possession of "material" non-public information relating to the issuer or the transaction. Employees also may not disclose this information to a third party to use in securities transactions. In general, "material" information means information that would reasonably affect, or have a significant impact on, an investor's decision to buy or sell a security, or information that would have been viewed by a reasonable investor as having significantly altered the "total mix" of information available.

ITEM 12 - BROKERAGE PRACTICES

A. Selection of Broker-Dealers

Given the nature of the Paladin Funds' and the Paladin REIT's investment program, Paladin does not usually transact through broker-dealers. However, in situations where Paladin may need to select a broker-dealer, Paladin will consider the broker's execution capabilities, including block positioning, research, financial stability, ability to maintain confidentiality, delivery and ability to obtain best execution for all client securities transactions. Paladin does not have any agreements in place that require that Paladin give any specified amount of brokerage to any broker-dealer.

1. Research and Other Soft Dollar Benefits

In practice, Paladin's investment program typically does not focus on investments in listed companies. As a result, it is Paladin's policy not to enter into soft dollar arrangements or to accept soft dollars.

2. Brokerage for Client Referrals

Paladin does not consider whether it or a related person receives client referrals from a broker-dealer or a third party when selecting or recommending broker-dealers.

3. Directed Brokerage

Directed brokerage occurs when a client directs an adviser to execute transactions through a specified broker-dealer. This practice may cause clients to pay more money because the adviser cannot aggregate purchases or sales of securities with a broker-dealer and obtain a more favorable rate. Directed brokerage also occurs when an adviser routinely recommends, requests or requires clients to execute transactions through a specified broker-dealer. Not all investment advisers require their clients to direct brokerage in this manner. Given that Paladin or its affiliates generally maintain investment discretion on behalf of the Paladin Funds and the Paladin REIT, Paladin can generally require such investment vehicles to use a specified broker-dealer.

B. Aggregation of Orders of Securities for Client Accounts

Although the investments of the Paladin Funds and the Paladin REIT do not generally require the services of a broker-dealer, Paladin may seek to aggregate orders of securities for the accounts of the Paladin Funds and the Paladin REIT where practicable.

ITEM 13 - REVIEW OF ACCOUNTS

A. Periodic Review of Client Accounts

The portfolio investments of Paladin Funds and the Paladin REIT are regularly reviewed by Paladin investment professionals. These professionals monitor operations, overall performance, financial performance and strategic direction of each portfolio investment owned by the Paladin Funds and the Paladin REIT. The Executive Committee performs periodic comprehensive

reviews, and the directors of the Paladin REIT periodically review the performance of the Paladin REIT and Paladin. The offering materials for each Paladin Fund and the Paladin REIT contain specific descriptions of the oversight and monitoring of portfolio investments.

B. Factors that Trigger a Review of Client Accounts

Paladin investment professionals review the portfolio investments of Paladin Funds and the Paladin REIT on a regular basis. There are no specific triggers to launch a portfolio review.

C. Reports to Clients Regarding Their Accounts

Paladin delivers written financial reports to the Paladin Funds (and their investors) on a quarterly basis. These reports include information relevant to the Paladin Fund's investments (and each investor's investment in such Paladin Fund). In general, the Paladin Funds (as well as each investor therein) receive written audited annual financial statements (including a balance sheet and a statement of income or loss) and a summary of the portfolio investments of the applicable Paladin Fund.

Paladin, directly or through its controlled affiliates, delivers written reports (which include unaudited financial statements) to shareholders of the Paladin REIT on a quarterly basis and written audited financial statements (including a balance sheet and a statement of cash flows) annually.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

A. Client Referrals

Paladin does not accept economic benefits from a person who is not a client for providing investment advice or other advisory services to the Paladin Funds or the Paladin REIT.

B. Compensation for Client Referrals

Paladin or its affiliates may sometimes enter into arrangements in which persons (including Paladin affiliates or employees) assist in the capital-raising efforts of a Paladin Fund in exchange for a fee. The fee paid to such third party may be calculated as a percentage of funds raised by the third party, as specifically negotiated between Paladin and the third party. These relationships could affect the independence of the third party in connection with their recommendations of a particular Paladin Fund. As a matter of policy, Paladin and its affiliates seek to procure that in connection with any such placement agent or finders' arrangement, disclosure of the agreement (including compensation thereunder) is made to investors in the Paladin Fund in respect of whose investment such placement or finders' fee applies. Paladin and its affiliates only will engage placement agents or brokers that are registered broker-dealers in the United States or otherwise in compliance with the Advisors Act. These types of arrangements are disclosed in the relevant Paladin Fund offering materials.

When offered, shares of the Paladin REIT are offered to investors through KBR Capital Markets, LLC, which is registered with FINRA as a broker-dealer. KBR Capital Markets, LLC will

authorize other broker-dealers registered with FINRA (referred to as “participating broker-dealers”) to sell shares. KBR Capital Markets, LLC and any participating broker-dealers are paid commissions based on the gross offering proceeds of a share offering. More detailed information about the fees paid to KBR Capital Markets, LLC and any participating broker-dealers (and how such fees are paid) is provided to investors in the Paladin REIT’s prospectus before they invest.

ITEM 15 - CUSTODY

As required by SEC rules, Paladin maintains any client assets with “qualified custodians.” For those clients for which Paladin is deemed to have custody of client assets within the meaning of the Advisers Act, such clients are audited and receive audited financial statements within 120 days of the end of each fiscal year (as do investors therein). Consequently, such clients (as well as investors therein) will not receive reports directly from Paladin’s “qualified custodian.”

ITEM 16 - INVESTMENT DISCRETION

Paladin has discretionary authority to manage the investment portfolios of each of the Paladin Funds and the Paladin REIT. This authority is limited by each Paladin Fund’s governing agreements and investment guidelines, as specifically negotiated between Paladin and Paladin Fund investors. For additional discussion of limitations clients may impose on investing in certain securities or types of securities, see Item 4.C above.

ITEM 17 - VOTING CLIENT SECURITIES

A. Authority to Vote Client Securities

Rule 206(4)-6 under the Advisers Act requires all investment advisers who exercise voting authority over client proxies to: (i) adopt policies and procedures for voting proxies in the best interest of the client; (ii) describe the procedures to clients; and (iii) inform clients how they may obtain information about how the adviser has actually voted their proxies.

Paladin has policies and procedures that Paladin believes are reasonably designed to ensure that proxies are voted in the best interests of Paladin clients and to recognize and resolve any material conflicts of interest that may arise in the course of such voting. The general policy of Paladin is to vote proxy proposals, amendments, consents or resolutions (collectively, “proxies”) relating to Paladin Clients in a manner that serves the best interest of the Paladin Client, as determined by Paladin in its discretion, taking into account relevant factors, such as (but not limited to) the impact on the value of the returns of the relevant Paladin Client and industry and business practice.

If Paladin determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, Paladin will vote such proxy as it determines to be in the best interest of the relevant Paladin Client. If Paladin believes it should vote in a way that may also benefit, or be perceived to benefit, its own interest, then Paladin will take action in accordance with the applicable Paladin Client’s governing agreements or as otherwise determined by Paladin to be in the best

interest of the Paladin Client. This may include, but is not limited to, seeking approval of the voting decision for such proxy proposal from a relevant Paladin Client's advisory committee (if applicable), which is comprised of representatives of investors in the applicable Paladin Client and is authorized to grant consents on behalf of the Paladin Client.

The CCO is responsible for identifying any potential conflict of interest for each proxy, and reporting this information to the Executive Committee. The Executive Committee is responsible for determining how to vote such proxies and whether to confer with the advisory committee of an applicable Paladin Client before voting.

The CCO is responsible for monitoring compliance with Paladin's proxy voting policies and procedures. The CCO will also maintain, or have available, written or electronic copies of each proxy statement received and of each executed proxy, as well as all applicable records relating to each proxy.

Information requests regarding Paladin's proxy voting policies and procedures and/or how Paladin has voted on specific proxies may be made to the CCO.

Because Paladin has authority to vote client securities, Item 17.B of Form ADV Part 2A (addressing considerations if an adviser does not have authority to vote client securities) has been omitted.

ITEM 18 - FINANCIAL INFORMATION

A. Balance Sheet

Not applicable.

B. Financial Conditions Likely to Impair Contractual Commitments

Paladin is unaware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its clients.

C. Bankruptcy Petitions

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