

ITEM 1 – COVER PAGE

Klaff Realty, LP

FORM ADV Part 2A FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of Klaff Realty, LP and its advisory affiliates herein (“Klaff Realty”). If you have any questions about the contents of this brochure, please contact us at (312) 360-3124 or InvestorRelations@klaff.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.

Klaff Realty is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information you can use to determine to hire or retain an adviser.

Additional information about Klaff Realty also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2 – MATERIAL CHANGES

Since Klaff Realty's initial filing of its brochure on September 8, 2015, Items 4, 5, 8 and 12 have been amended to reflect the closing of a new fund.

Pursuant to SEC Rules Klaff Realty provides a summary of material changes to its Brochure within 120 days of the close of Klaff Realty's fiscal year. Klaff Realty may further provide other ongoing disclosure information about material changes as deemed necessary. Additionally, Klaff Realty will provide a new brochure as necessary, without charge.

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ITEM 4 – ADVISORY BUSINESS

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

Firm Description

Founded in 1988 by Hersch M. Klaff, Klaff Realty, LP and its affiliated relying advisers, (collectively, “**Klaff Realty**” or the “**Firm**”) serve as the sponsors, managers and/or investment managers of several private real estate related investment funds (the “**Funds**”).

Each Fund is managed by Klaff Realty, an affiliated entity or a general partner which has the authority to make investment decisions on behalf of such Funds. Each affiliate and general partner is registered under the Investment Advisers Act of 1940 (“Advisers Act”) pursuant to Klaff Realty’s registration in accordance with SEC guidance. These affiliates and general partners have contracted with Klaff Realty or an affiliate for day-to-day management of the Funds. For more information about the Klaff Funds and the affiliates and general partners of each Fund, please see Klaff Realty’s Form ADV Part 1, Schedule D, 7.A.(1). And 7.B.(1).

Klaff Realty and its affiliates also invest outside of the Funds in real estate projects with third party operating partners through operating joint ventures. Klaff Realty maintains an active oversight of each project, including retaining decision rights.

Principal Owners/Ownership Structure

Klaff Realty, LP is owned directly and indirectly by Mr. Klaff and entities owned and controlled by Mr. Klaff.

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

Klaff Realty’s advice is generally limited to real estate and real-estate related investments. The Firm engages in the acquisition, redevelopment and management of commercial real estate throughout the United States and Latin America. Klaff Realty specializes in the acquisition of distressed and under-utilized retail assets and works closely with a prominent group of partners, including financial institutions, professional services firms, real estate opportunity funds, high-net-worth

individuals, national brokers and tenants to structure real estate transactions that attempt to provide superior risk-adjusted rates of return for investors.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

Investment advice and authority for each Fund are tailored to the investment objectives of each Fund. These objectives are described in the private placement memorandum, limited partnership agreement, investment advisory agreement and other governing documents of the relevant Fund (collectively, the “Governing Documents”).

Investors in the Funds participate in the overall investment program for the applicable partnership. From time to time, Klaff Realty may enter into agreements, commonly known as “side letters,” with certain investors on the basis of their preexisting relationship to Klaff Realty or other key factors deemed significant to Klaff Realty, which arrangements: (i) have the principal effect of diluting the interests (including the waiver or reduction of economic benefits) or powers of Klaff Realty or any of its affiliates; and (ii) do not adversely affect, disproportionately to all other investors, any investor’s right to distributions or share in profits and losses without such investor’s consent.

D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

Klaff Realty does not participate in wrap fee programs.

E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.

As of December 31, 2015, Klaff Realty managed approximately \$1,064,711,743 of regulatory assets under management on a discretionary basis.

ITEM 5 – FEES AND COMPENSATION

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

The specific terms for Klaff Realty's compensation by each Fund are dictated by Fund Governing Documents but may be negotiated with certain investors through side letters.

Management Fee. Each Fund pays Klaff Realty a management fee (the "**Management Fee**"). A Fund's Management Fee will generally commence on the date of the Fund's initial closing and thereafter will be paid quarterly in advance on the first day of each calendar quarter. The Management Fee will be based first on the committed capital to a Fund by its investors and, at the end of the investment period, on a percentage of aggregate equity invested, and will vary based on the amounts committed to the Fund by its various investors and the stage of investment cycle of the Fund subject to certain minimum management fees. The Management Fee generally ranges from 1% to 1.5%, but may be negotiated lower for certain investors based on the size of the investor's commitment to the Fund. Some Funds do not pay fees based on a percentage of committed capital but instead pay a fixed annual fee or an acquisition fee to Klaff Realty or entities controlled by Klaff Realty. These fees are more fully described in the applicable Fund Governing Documents.

Carried Interest. Klaff Realty or its affiliate receives a distribution of the investment proceeds from its Funds ("**Carried Interest**"), generally subject to certain conditions such as the prior return of capital to Fund investors and/or prior payment to Fund investors of a certain rate of return on invested capital. Proceeds available for distribution consist principally of cash generated from continuing operations of the assets owned by a Fund and/or the cash proceeds realized on the sale or refinancing of Fund assets. The Carried Interest is distributed in accordance with the Fund's Governing Documents and is more fully described in Item 6, below.

Certain investors in the Funds, who are generally related persons, employees, partners of Klaff Realty, affiliated persons, research consultants and others through their investment in a Fund or in the general partner of such Fund, may not be subject to a Management Fee and/or Carried Interest in connection with their investment in the Funds.

Limited Negotiability of Advisory Fees. The fees paid to Klaff Realty by the Funds may only be amended by agreement between the parties.

Klaff Markets Holdings Fund. Klaff Realty is the investment manager to Klaff Markets Holdings LLC ("**Markets Holdings Fund**"). Klaff Markets Holdings LLC invests the majority of its assets in retail supermarket related investments through one or more other entities. Klaff Markets Holdings LLC is the master fund in a master-feeder arrangement. Klaff Realty receives management fees from the following feeder funds: K-Saturn, LLC, equal to 1.25% annually for investments under \$1,000,000 and 1% annually for investments over \$1,000,000; and KLA-A Markets, LLC, equal to a fixed fee of \$250,000 per year. No management fees are paid by Klaff Markets Holdings Fund LLC, A-S Klaff Equity, LLC or ABS Klaff Equity, LLC.

Certain Klaff Realty relying advisers receive Carried Interest from the feeder funds as affiliates of the manager of the feeder funds that range from 20%-50% after certain threshold returns have been met, generally such as the prior return of capital to fund investors and/or prior payment to fund investors of a certain rate of return on invested capital.

Klaff Realty or Klaff Realty relying advisers also receive management fees at the portfolio level equal to \$437,500 for the first four years and incentive units based upon the outstanding equity of the portfolio company at the time the incentive units are exercised.

Bryanston Funds. Klaff Realty and its affiliates are the investment advisers to Bryanston Retail Opportunity Fund LP and to Bryanston Real Estate Opportunity Fund II LP (collectively, the “**Bryanston Funds**”). The Bryanston Funds focus on opportunistic and value-add strategies and invest primarily in real estate and related assets from retailers, developers, investors and other users of real estate assets in the United States.

A Klaff Realty affiliate receives a management fee from each of the Funds equal to 0.375% of the aggregate amount of the commitments made by investors that are not the general partner or affiliates of the general partner or Klaff Realty during the commitment period. Thereafter, the quarterly Management Fee will be equal to 0.375% of the aggregate amount of the Fund’s assets that have not been sold (adjusted downward for permanent write-downs) multiplied by the ratio of commitments by investors that are not the general partner or affiliates of the general partner or Klaff Realty to the total Commitments. In December 2011, the management fee for Bryanston Retail Opportunity Fund LP was reduced to .25% of the aggregate amount of the Fund’s assets that have not been sold (adjusted downward for permanent write-downs) multiplied by the ratio of commitments by investors that are not the general partner or affiliates of the general partner or Klaff Realty to the total Commitments.

Certain Klaff Realty relying advisers receive Carried Interest from the Bryanston Funds equal to 20% of distributions, subject to the prior payment of a preferred return and the return of the limited partners’ capital.

Uruguay Agricultural Land Funds. Klaff Realty provides investment advice to the Uruguay Agricultural Land Fund and the Uruguay Agricultural Land Fund II through Terrapin-Klaff Investments LLC and Terrapin Klaff Investments II LLC respectively. These advisers receive a management fee during the investment period equal to 1.25% of aggregate commitments made by the investors other than investors that are affiliates. After the investment period the Management Fee is equal to 1.25% of the aggregate capital contributions made by the investors not affiliated with Klaff Realty or Klaff Realty’s partner, Terrapin Palisades Ventures LLC, provided that, as long as there remains a property in which the Fund has invested that has not been sold or permanently written down, the annual Management Fee payable after the expiration of the investment period shall be no less than an amount equal to the lesser of (i) \$350,000 and (ii)

1.25% of the aggregate capital contributions made by investors not affiliated with Klaff Realty or Klaff Realty's partner, Terrapin Palisades Ventures LLC.

Certain Klaff Realty relying advisers receive Carried Interest from the Uruguay Agricultural Land Funds that range from 20%-25% after certain threshold returns have been met generally such as the prior return of capital to fund investors and/or prior payment to fund investors of a certain rate of return on invested capital.

Brazilian Real Estate Securities Fund. Klaff Realty provides investment advice to the Brazilian Real Estate Securities Fund LLC ("BRESF") through BRES Management LLC. BRESF invests its assets in publically traded equity securities issued by companies substantially all of whose assets consist of real property in Brazil. BRES Management LLC receives an investment management fee equal to 1.25% annually of the aggregate amount of capital invested subject to a minimum of \$400,000 after the investment period ends. In addition, BRES Management, LLC receives Carried Interest from BRESF that range from 15%-25% after certain threshold returns have been met, generally such as the prior return of capital to fund investors and/or prior payment to fund investors of a certain rate of return on invested capital.

Joint Venture Real Estate Projects. Klaff Realty also provides non-investment advisory asset management services to certain non-advisory clients. For its services to these clients, Klaff Realty or entities controlled by Klaff Realty receives fees including acquisition fees, annual fees and Carried Interests that are disclosed and agreed to by the applicable clients.

B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.

Klaff Realty's compensation is deducted from the assets or distributions of the Fund.

C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.

Fund Organizational Expenses. Each Fund typically pays all offering and organizational expenses including travel, accounting, printing, costs incurred in connection with negotiating side letters and other organizational activities incurred in the formation of the Fund and its related entities up to a certain maximum limit set forth in the Fund Governing Documents.

No commissions, placement fees or other remuneration will be paid by a Fund to Klaff Realty or to any of its employees in connection with the offering and/or sale of interests in such Fund.

Fund Operational Expenses. Each Fund shall pay, or reimburse Klaff Realty for the payment of all third-party expenses related to the operation of the Fund, including, without limitation, all legal, accounting and other fees and expenses relating to the business of such Fund which Klaff Realty is authorized to expend from time to time under the Fund Governing Documents in such amounts as are reasonable. Without limiting the generality of the foregoing, such expenses shall include costs incurred in registering (or obtaining exemptions from registration for) securities owned by the Fund with the Securities and Exchange Commission, and any securities exchange or any other similar authority; costs incurred in qualifying and maintaining qualifications of such securities under applicable state “Blue Sky” laws; other costs of acquisition, disposition and holding of securities; fees or other expenses incurred in connection with the investigation, prosecution or defense of any claims by or against any governmental authority, agency or body, which fees and expenses are subject to indemnification pursuant to the Fund Governing Documents; reports to and filings with governmental authorities, including without limitation, banking regulators in connection with anti-money laundering; the preparation of the Fund’s financial statements and other reports to the investors; if applicable, all costs and expenses attributable to the applicable assets of the Fund and relating, on a pro rata basis with other assets under management by Klaff Realty, to the filing, record-keeping, reporting and other requirements of Klaff Realty in connection with compliance with the Dodd–Frank Wall Street Reform and Consumer Protection Act, the Private Fund Investment Advisers Registration Act of 2010 and the regulations promulgated thereunder from time to time, as the same may be amended or superseded from time to time, including without limitation, all legal fees and third-party consultants’ fees. Item 12 of this Brochure provides a detailed discussion of the clients’ brokerage practices and related costs and fees. Third party broken deal expenses are borne by the relevant Fund.

Any expenses common to the Funds and to any other funds managed by Klaff Realty or its affiliates generally will be allocated among such entities on a basis reasonably believed by Klaff Realty to be equitable based on the relevant facts, such as the relative sizes of the participating funds and the particular circumstances that caused the expense to be incurred with respect to each participating fund.

Indemnification. Under certain circumstances specified in the Fund Governing Documents, the Funds are generally obligated under the Fund Governing Documents to indemnify Klaff Realty, and its affiliates, officers, directors, shareholders, agents or employees, against claims, liabilities and expenses incurred by reason of performance of duties under the Fund Documents.

For a more detailed description of the specific Management Fees, Carried Interest and expenses charged, please see each of the Fund’s specific Fund Governing Documents.

D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

The events under which the Management Agreements with the Funds can be terminated are defined within the respective Fund Governing Documents. Due to the nature of the real estate investments and the terms of the closed-end funds, an early termination would not result in a return of any fees to the Fund investors. The Funds generally invest on a long-term basis. Accordingly, Management Fees are expected to be paid, except as otherwise described in the limited partnership agreements, over the term of the Funds and limited partners generally are not permitted to withdraw or redeem interests in the Funds.

E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.

Neither Klaff Realty nor any supervised person accepts compensation for the sale of securities or other products.

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

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a Client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

As described in Item 5, each Fund's Governing Documents provide that Klaff Realty and/or its affiliates will earn a performance-based fee in the form of a Carried Interest. These Carried Interest arrangements range on a Fund by Fund basis, but generally provide that Klaff Realty or an affiliate is entitled to 20-50% of distribution of the investment proceeds from its Funds subject to certain conditions, such as the prior return of capital to Fund investors and/or prior payment to Fund investors of a certain rate of return on invested capital.

These performance fee arrangements have been structured subject to Section 205(a)(1) of the Investment Advisers Act of 1940 (the “Advisers Act”) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The general partner of each Fund may, in its sole discretion, waive or reduce the amount of Carried Interest for a limited partner in a Fund.

The fact that each general partner’s Carried Interest allocations are based on the performance of each Fund may create incentive for a general partner to make investments that are more speculative than would be the case in the absence of such distributions. This incentive is mitigated, however, due to the fact that any losses the Funds sustain will reduce each general partner’s Carried Interest distribution and the fact that Carried Interest is generally calculated only after limited partners have received as distributions 100% of their capital contributions plus a preferred return.

Klaff Realty has a few accounts relating to small investments unrelated to the Funds for which it or its affiliates do not charge a performance-based fee. To the extent that any of the investments in these accounts are similar to the investments for the Funds, the fact that the Funds earn Carried Interest may present a conflict of interest to Klaff Realty. Klaff Realty mitigates such conflicts by following fair and equitable allocation procedures.

ITEM 7 – TYPES OF CLIENTS

Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

As noted in Item 4 above, Klaff Realty provides discretionary investment advisory and asset management services to the Funds and certain investors in the Funds that operate as closed-end private real estate funds. Interests in the Funds and the Funds themselves are not registered under the U.S. Securities Act of 1933, as amended (“Securities Act”) or the U.S. Investment Company Act of 1940, as amended (“Investment Company Act”), respectively. Accordingly, interests in the Funds are offered exclusively to investors satisfying the applicable eligibility and suitability requirements either in private placement transactions within the United States or in offshore transactions, and the Fund is excluded from the definition of an “investment company” under Section 3(1)(1) and/or 3(c)(7) of the Investment Company Act.

Investors in the Funds were required to complete and submit a Subscription Agreement binding them to the terms of the Fund Governing Documents. Each Fund has a required minimum investment that is subject to exceptions as set forth in the Fund Governing Documents. The required minimums for investment in each Fund range from \$250,000 to \$20,000,000. However, each Fund’s general partner or manager has the discretion to waive or reduce the minimum initial investments or commitments and has done so for certain investors, including employees and affiliates of Klaff Realty.

Co-investment opportunities are given to strategic limited partners when additional capital is necessary for a Fund investment, taking into account the applicable Fund's investment limitations, the size of the investment opportunity and the demand among potential co-investors. Opportunities to invest in a portfolio company may be made available to select persons or entities, including, without limitation, strategic investors, lenders, deal sources, other real estate firms, Fund investors, other persons or entities affiliated, associated or otherwise known to Klaff Realty or its personnel and unrelated third parties. These may arise whenever Klaff Realty has the opportunity for an investment in an existing or prospective portfolio company and determines that all or a portion of the applicable opportunity is not required to be offered to, or is not appropriate for, a Fund. Such determinations are based on the provisions of the applicable Governing Documents and such other factors as Klaff Realty may consider in its sole discretion, including those that may be specified from time to time in its policies on investment allocation and co-investments.

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

A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.

Methods of Analysis. Klaff Realty's employees are comprised of individuals who have experience in a range of disciplines, including investment, development, asset management, financing and taxation. These individuals collectively utilize their expertise and experience to support Klaff Realty in implementing the clients' investment strategies.

Investment Strategy. Klaff Realty makes recommendations, consistent with the Funds' respective investment strategies, as described in its Fund Governing Documents. Investment recommendations will generally be made by Klaff Realty only if they meet the Funds' respective investment criteria, in terms of:

- underlying quality of assets;
- liquidity;
- provision of stable cash flows; and
- capital growth potential

Investment Methodology. Once a specific investment opportunity has been identified, a defined investment acquisition process is rigorously followed. Fund Governing Documents are prepared that contain a detailed analysis of each investment opportunity, terms of investment, risk factors and subscription requirements.

Risk of Loss. On the basis that Klaff Realty advises clients that invest directly or indirectly in real estate interests, its clients' investments are subject to incidental risks of real estate ownership, development, financing and disposition, including:

- risks associated with changes in the general economic climate;
- changes in the overall real estate market;
- local real estate conditions;
- the financial condition of tenants, buyers, and sellers of properties;
- supply of or demand for competing properties in an area;
- accelerated construction activity;
- technological innovations that dramatically alter space requirements;
- the availability of financing;
- changes in interest rates;
- competition based on rental rates;
- energy and supply shortages;
- operating cost increases;
- various uninsured and uninsurable risks; and
- governmental regulations.

B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

All investing involves risk of loss. Current and prospective Klaff Realty investors are cautioned that investments involve risk, including the possibility of a complete loss of the amount invested, and that they should be prepared to bear those risks. There can be no assurance that any investment, investment program or portfolio will achieve its stated objectives. Fund Clients should refer to their respective Governing Documents for a more detailed discussion of risks. The following are some of the more relevant risks to an investment with Klaff Realty:

Valuation. The value of any property or any investment can go down as well as up. The valuation of property is always, to an extent, based on the subjective approach of the appraisers involved.

Economic Volatility. The financial performance of the Funds may be adversely affected by the impact of general economic conditions, by conditions within the property market or by the particular financial condition of the parties doing business with the Funds. The returns achieved on an investment in the Funds, some of which hold investments based in other countries, are likely to be materially affected by the political and economic climate of the respective countries. In particular, changes in the rate of inflation and/or currency fluctuation may materially affect the Funds' financial performances or the value of an investment. Changes in landlord/tenant and planning law could also materially affect financial returns.

Deterioration of Credit Markets. The deterioration of the global credit markets has made it more difficult for financial sponsors to obtain favorable financing for their investments. The extent to which the Funds are able to obtain favorable financing terms for real estate investments by the Funds may affect the Funds' ability to generate attractive investment returns for clients. Borrowing exposes assets of the Funds to movements in loan interest rates and the possibility that, if the value of the investments falls, the principal repayment obligations may exceed the value of the security being granted.

Uncertainty of Projections for Investment Performance. The Funds' determinations to make a particular investment is based on a variety of projections, including projections regarding future growth rates and tenant demand in the applicable market, construction costs, rental and lease-up rates, and disposition timing and proceeds, all of which are inherently uncertain. The extent to which the actual outcome of any of these and other relevant events differs from the Funds' projections could materially affect actual returns to clients and could materially lower their returns. As the Funds generally expect to acquire investments with a view to holding them on a medium-

to-long term basis, they are expected to take several years to mature. As a result, while long-term performance of the Funds may be satisfactory, it is not expected that any significant amount of income or proceeds will be distributed in the early years of the Funds.

Lack of Liquidity. Investments in real estate or interests in real estate are highly illiquid and subject to industry cycles, downturns in demand, market disruptions, and the lack of available capital from potential lenders or investors (whether to finance or refinance client investments or for potential purchasers of such investments). Shares in the Funds are not freely transferable and no market for such shares currently exists, nor is one expected to develop. Upon the termination of the Funds, certain investments in unquoted companies may be distributed in specie so that investors in the Funds may then become minority shareholders in a number of unquoted companies. Furthermore, it may prove necessary for the Funds to dispose of properties at values which the Funds consider being reasonable in the circumstances, but which represent discounts to book value, in order to manage an orderly winding up.

Environmental Matters. The real properties underlying the investments are subject to certain environmental laws, regulations, and administrative rulings, which establish standards for the treatment, storage, and disposal of solid and hazardous waste. Real property owners are subject to certain environmental laws which impose joint and several liabilities on past and present owners and users of real property for hazardous substance remediation and removal costs. Therefore, investments in real estate properties involve a substantial risk of loss from environmental claims arising in respect to any real property underlying the investments, such as undisclosed or unknown environmental problems or inadequate reserves for such claims.

Competitive Business; Delays; Fluctuating Demand. Real estate development is a highly competitive business which involves significant risks. These risks include those normally associated with changes in general or local market conditions (which can result from political, regulatory, economic, or other factors), competition for purchasers and tenants, and the cyclical nature of real estate and capital markets.

Other factors may also adversely affect the value of a client's investments, including:

- the quality of a building's tenants;
- an economic decline in the business operated by the tenants;
- the physical attributes of the building in relation to competing buildings, such as age, condition, design, appearance, location, access to transportation, and ability to offer certain amenities (e.g., sophisticated building systems and/or business wiring requirements);

- the physical attributes of the building with respect to the technological needs of the tenants, including the adaptability of the building to changes in the technological needs of the tenants;
- the diversity of the building's tenants or the reliance on a single or dominant tenant;
- the desirability of the area as a business location;
- the strength and nature of the local economy, including labor costs and quality, tax
- environment, and quality of life for employees; and
- an adverse change in population or employment growth.

Regulatory Considerations. The real estate development projects in which the Funds may invest may require the approval of or compliance with regulations of U.S., non-U.S. and other local governmental and regulatory authorities and, in some cases, consents of third parties. There can be no assurance that any required approvals and consents will be obtained on a timely basis, if at all. Further, regulatory enactments, including various permit or licensing requirements or changes in their interpretation by the applicable authorities, may limit the ability of a fund to manage or dispose of projects in a manner that would be most advantageous to the fund.

C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

ADDITIONAL RISKS FOR RETAIL GROCERY FUNDS

Highly Leveraged Investing. The underlying portfolio transactions will be highly leveraged, and the ultimate return on investment will be in part dependent on the ability to successfully refinance this outstanding debt. The return on investment is further dependent on management's ability to successfully create operating synergies. Moreover, any material increase in interest rates available would have a material adverse effect on the portfolio company's results of operations and financial condition.

Achievement of Operational Savings from the Combination of Retail Grocery Business. The gains or losses of investors in the Markets Holdings Fund will be heavily dependent on the ability of a portfolio company to realize operational savings from the combination of certain business operations. Profit margins in the grocery industry are very narrow. In order to increase or maintain profit margins, strategies are used to reduce costs, such as productivity improvements, shrink reduction, distribution center efficiencies, energy efficiency programs and other similar strategies.

Changes in product mix also may negatively affect certain financial measures. Whether or not any such savings will be achieved and the amount and continuation of any that are achieved cannot be predicted with certainty, and there is a material risk that the savings projected to be achieved, in light of the portfolio company's high leverage, the company's failure to achieve its hoped-for level of savings (as well as other business risks) may force the company to undertake disadvantageous business or asset sales or other action that would be unfavorable to the company and may ultimately result in the reduction of return on investors' investment in the company or the loss of some or all of that investment.

General Economic Conditions May Adversely Affect the Financial Condition and Results of Operations of the Retail Grocery Business. The retail food and supply chain services businesses are sensitive to changes in general economic conditions, both nationally and locally. Recessionary economic cycles, higher interest rates, higher fuel and other energy costs, inflation, increases in commodity prices, higher levels of unemployment, higher consumer debt levels, higher tax rates and other changes in tax laws or other economic factors that may affect consumer spending or buying habits may adversely affect the demand for products sold by the stores currently operated by target grocery stores. The United States economy and financial markets could decline and experience volatility due to uncertainties related to energy prices, availability of credit, difficulties in the banking and financial services sectors, a decline in the housing market, diminished market liquidity, falling consumer confidence and rising unemployment rates. As a result, consumers may be more cautious. This may lead to reductions in consumer spending, to consumers trading down to a less expensive mix of products or to consumers trading down to discounters for grocery items, all of which may affect the portfolio company's financial condition and results of operations. It is unclear if the current upward trend in the economy will continue. If not, the business, results of operations and financial condition of the businesses of the portfolio company may be adversely affected.

There Exists a High Level of Competition in the Retail Food and Supply Chain Services Businesses, which May Adversely Affect the Markets Holdings Fund. The retail food businesses that would be conducted by the underlying portfolio companies face competition for customers, employees, store sites, products and in other important areas from traditional grocery retailers, including internet shopping, regional and national chains and independent food store operators, and non-traditional retailers, such as supercenters, membership warehouse clubs, combination food and pharmacy stores, limited assortment food stores, specialty supermarkets, drug stores, discount stores, dollar stores, convenience stores and restaurants. The ability to attract customers in this business is dependent, in large part, upon a combination of product price, quality, assortment, brand recognition, store location, in-store marketing and design, promotional strategies and continued growth into new markets. In addition, the nature and extent to which competitors implement various pricing and promotional activities in response to increasing competition and the portfolio company's response to these competitive actions, can adversely affect profitability.

Food and Drug Safety Concerns and Related Unfavorable Publicity May Adversely Affect Sales and Results of Operations. There is increasing governmental scrutiny and public awareness regarding food and drug safety. The retail grocery businesses may be adversely affected if consumers lose confidence in the safety and quality of their food and drug products. Any events that give rise to actual or potential food contamination, drug contamination or food- borne illness may result in product liability claims and a loss of consumer confidence. In addition, adverse publicity about these types of concerns whether valid or not, may discourage consumers from buying products sold under the trade-names by which the stores indirectly owned by the Markets Holdings Fund operate or cause production and delivery disruptions, which may have an adverse effect on sales and results of operations.

Any Inability to Successfully Negotiate with Labor Unions or to Maintain Good Labor Relations May Lead to Labor Disputes and the Disruption of Business, which May Adversely Affect the Financial Condition and Results Of Operations of the Markets Holdings Fund. A large number of employees employed by some of the businesses that the portfolio companies would own and operate after completion are unionized and more may become unionized. The relationship with unions, including labor disputes or work stoppages, may affect the sale and distribution of products, disrupt the conduct of business and have an adverse impact on the portfolio companies' financial condition and results of operations. In addition, the obligations of the portfolio companies under union contracts is a factor that does not burden many of portfolio companies' competitors, and can adversely affect their ability to compete in a cost-efficient manner.

ADDITIONAL RISKS FOR THE URUGUAY AGRICULTURAL FUNDS

Real Estate Development Requires Significant Amounts of Capital and Takes Significant Amounts of Time. The Uruguay Funds will continue to be dependent on obtaining significant amounts of capital and/or debt on favorable terms that will permit the acquisition, development, and operation of the farmlands on a profitable basis, and there can be no assurance that such capital or debt will continue to be available. In addition, real estate operations are dependent on economic, interest rate, employment and other factors that will be beyond the control of the Uruguay Funds.

All Financial Projections and Forecasts Provided to Prospective Investors by the Uruguay Funds Have Been Based on Anticipated Future Events and Are Not Based on Historical Facts. Although the Uruguay Funds believe their current financial projections and forecasts are reasonable, the Uruguay Funds cannot guarantee future results of the Company or its performance.

Changes in Laws. Increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions, as well as changes in laws affecting development, construction and safety requirements, may result in significant unanticipated expenditures, which would adversely affect the Uruguay Funds' income and distributions.

The Uruguay Funds' Projects Will Be Subject to Various Uruguay National and Local Regulations. The Uruguay Funds must comply with zoning and other land and/or farming restrictions, as the same may change from time to time. Klaff Realty will endeavor to cause the Uruguay Funds to procure and maintain all required permits and approvals, and to operate the projects in accordance with applicable laws, rules, regulations and ordinances. The Uruguay Funds' failure to do so could have an adverse impact upon its projects.

Investments in Non-U.S. Jurisdictions Create Additional Risks to the Uruguay Funds, and the Investment Return to their Respective Investors. Fluctuation in the exchange rate between the U.S. Dollar and the Uruguay Peso may have an adverse impact on returns to the Uruguay Funds from their investments. Historically, exchange rates have fluctuated considerably, and there is no guarantee that future fluctuations in the exchange rate will not adversely affect the Uruguay Funds. In addition, future inflation in Uruguay could significantly increase the operational costs of the Uruguay Funds' investments, thereby reducing the Uruguay Funds' respective returns on their investments. Moreover, investments in non-U.S. jurisdictions may subject the Uruguay Funds to certain further additional risks, including: the possibility of expropriation or nationalization; adverse political, social or diplomatic developments; limitations on the movement of funds or other assets between different countries; difficulties in invoking legal process abroad and enforcing contractual obligations; and the difficulty of assessing economic trends in non-U.S. countries. Lastly, the investment by the Uruguay Funds in any forward contracts or commodity positions is subject to counterparty risk and price volatility and may result in losses to the Uruguay Funds.

Agricultural Investments are Subject to Inherent Risks. The Uruguay Funds are exposed to price volatility for agricultural products. Such price volatility could have an adverse impact on returns to the Uruguay Funds from their respective investments and ultimately on the investment return to their respective investors. In addition, unpredictable weather conditions, pest infestations and diseases may have an adverse impact on agricultural production. Furthermore, the Uruguay Funds may incur increased transportation costs resulting from a lack of modern transportation infrastructure and the possible future degradation of Uruguay's existing transportation infrastructure.

The Uruguay Funds Rely on Third-Party Managers to Operate and Manage their Respective Farmlands and Other Investments. Accordingly, the Uruguay Funds' respective returns from their investments are highly dependent on the expertise, performance and trustworthiness of the third-party managers retained by the Uruguay Funds. No assurance can be made that the Uruguay Funds will be able to obtain and retain qualified managers, or that these managers will be able to achieve any particular result for the Uruguay Funds.

ADDITIONAL RISKS FOR THE BRAZILIAN REAL ESTATE SECURITIES FUND

Volatility and Other Risks in Public Security and Real Estate Asset Pricing. Investments are subject to varying degrees of economic, financial, and demographic risks. Any publicly traded securities that the Fund acquires will be subject both to all risks to which such companies and their operations are exposed and also to risks, among other things, of potentially substantial volatility in market prices in the markets in which such securities are traded and disruptions of the securities markets by equipment and other technological failures, trading activity or strategies of market participants, natural disaster, wars, insurrection, civil strife and other factors in the relevant countries and markets. Moreover, the operations and success of the companies in which the Fund may invest are dependent on economic, interest rate, employment and other factors that will be beyond the control of the Fund.

Potential Environmental and Regulatory Risk. Changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions, as well as changes in laws affecting development, construction and safety requirements, may result in significant unanticipated expenditures, which would adversely affect the likelihood of the Fund's realizing any gain on investments. The Fund's investments will be subject to various national and local regulations of Brazil and, in the cases of companies organized under law of other countries, the laws of those countries.

Exchange Rate, Inflation, Expropriation, Capital Repatriation, Political and Other International Risks. Investments in non-U.S. jurisdictions create risks to the Fund and the investment return to the members that may not be present or not as severe in investments in the U.S. Fluctuation in the exchange rate between the U.S. Dollar and the currency of any country in which companies in which the Fund invests or its properties are located may have an adverse impact on returns to the Fund from its investments. Historically, exchange rates have fluctuated considerably, and there is no guarantee that future fluctuations in the exchange rate will not adversely affect the Fund. In addition, future inflation in any such country could significantly increase the operational costs of the Fund's investments, thereby reducing the Fund's return on its investments. Moreover, investments in non-U.S. jurisdictions may subject the Fund to certain further additional risks, including: the possibility of expropriation or nationalization; adverse political, social or diplomatic developments; limitations on the movement of funds or other assets between different countries; difficulties in invoking legal process abroad and enforcing contractual obligations; and the difficulty of assessing economic trends in non-U.S. countries. Regulatory laws and rules in Brazil as to financial intermediaries may not be as rigorous and may not be enforced as rigorously as in the United States. To the extent that any custodian or broker in Brazil has custody or control over investments made by the Fund, the Fund will be at risk of potential misappropriation by any such party or by the bankruptcy of any such party.

No Control of or Influence on Companies Invested in. As to companies in which the Fund invests, the Fund is not expected to be in control of such companies and may have little or no voting right or ability to influence such companies. The Fund will be dependent entirely on the managers of such companies

as to all aspects of operations and results of operations of such companies. Moreover, some of such companies may have operations in businesses other than ownership and leasing of real estate. As a result, the Fund's investment in such companies will also be exposed to the risks of such companies' operations activities. There may be a wide variety of such operations activities, and it is impossible for the Fund to foresee all the risks they may entail. The ability of the Fund to earn a return and to avoid loss of some or all of the Fund's investments in such companies will depend in substantial part on how well such companies manage their business operations.

ITEM 9 – DISCIPLINARY INFORMATION

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Neither Klaff Realty nor any of its employees have been involved in any legal or disciplinary event that Klaff Realty believes is material to investors or prospective investors in their evaluation of Klaff Realty's advisory business or Fund management.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

Neither Klaff Realty 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. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities, disclose this fact.

Neither Klaff Realty 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 adviser, or an associated person of the foregoing.

C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.

- 1. Broker-dealer, municipal securities dealer, or government securities dealer or broker**

2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. Other investment adviser or financial planner
4. Futures commission merchant, commodity pool operator, or commodity trading advisor
5. Banking or thrift institution
6. Accountant or accounting firm
7. Lawyer or law firm
8. Insurance company or agency
9. Pension consultant
10. Real estate broker or dealer
11. Sponsor or syndicator of limited partnerships

Klaff Realty does not have arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory services, the Funds, or its investors.

As mentioned above in Item 4, Klaff Realty is affiliated with several Fund affiliates and general partners. These affiliates are relying advisers registered with the SEC under the Advisers Act pursuant to Klaff Realty’s registration in accordance with SEC guidance.

Klaff Realty and its affiliates have ownership interests in other entities that currently own and operate real estate, and in entities that have made similar investments in the past to those of the Fund. These affiliates currently engage and will continue to engage in various real estate investment activities, including acquisition, financing, development and management. Conflicts of interest may arise as a result of such real estate ownership and activities, particularly in connection with the ownership of real estate properties in the same markets targeted by the Fund. For example, the Fund may consider investments in assets in which Klaff Realty and an affiliate may hold an ownership in, or such affiliate holds ownership interests in one or more of the Asset’s tenants (or potential tenants). In any such instance, the principals of the Fund may owe fiduciary duties to entities that conflict with its duties to the Fund.

D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

Klaff Realty does not recommend or select other investment advisers for the Funds.

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

A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.

Code of Ethics

Klaff Realty has adopted a Code of Ethics, which holds its employees to a high standard of integrity and business practice, in compliance with applicable U.S. laws and regulations. In serving its clients, Klaff Realty strives to avoid conflicts of interest or the appearance of conflicts in connection with the securities transactions of Klaff Realty and its employees. Klaff Realty and its personnel owe their clients a duty of honesty, good faith and fair dealing and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide it.

The Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports and initial and annual securities holdings reports submitted by all of Klaff Realty's Covered Persons. A Covered Person is either of the following: (a) any director, officer or member of Klaff Realty; or (b) any employee of Klaff Realty (i) who has access to nonpublic information regarding any client's purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any reportable fund, or (ii) who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic.

The Code of Ethics requires the prior approval or prohibition of certain securities transactions. It also contains oversight, enforcement and recordkeeping provisions. Klaff Realty designed the Code of Ethics to ensure that the personal securities transactions, activities, and interests of its employees will not interfere with (i) making decisions in the best interest of its clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. A copy of Klaff Realty's Code of Ethics is available to its clients via e-mail at rsawyer@klaff.com or via telephone at 312-360-1234.

B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Examples: (1) You or a related person, as principal, buys securities from (or sells securities to) your clients; (2) you or a related person acts as general partner in a partnership in which you solicit client investments; or (3) you or a related person acts as an investment adviser to an investment company that you recommend to clients.

Participation or Interest in Client Transactions

Hersch Klaff, managing principals, certain employees, related persons and other accredited investors may invest in the Funds, either through a general partner affiliate or as direct investors in the Funds. Klaff Realty or an affiliated general partner, as applicable, may reduce all or a portion of the Management Fee and/or Carried Interest related to investment held by such persons.

Klaff Realty does not affect any principal or agency cross securities transactions for client accounts without the proper consent of the relevant general partner or the Limited Partner Advisory Committee, as applicable. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. This situation does not apply to Klaff Realty.

Conflicts of Interest

The offering documents for each Fund typically includes a description of what Klaff Realty believes to be the most significant conflict of interest associated with an investment in any Fund. Some of these conflicts are summarized below; however, this summary does not attempt to describe all of the conflicts of interest associated with an investment in the Funds. Investors should carefully consider the conflicts of interest described herein and in Klaff Realty' Governing Documents prior to investing in a Fund.

If any matter arises that Klaff Realty determines in its good faith constitutes an actual conflict of interest, Klaff Realty may take such actions as may be necessary or appropriate, within the context of any applicable Fund's Governing Documents, to address the conflict.

Each Fund's investors include persons or entities resident in various jurisdictions, including the United States and other countries, who may have conflicting investment, tax and other interests with respect to their investments. The conflicting interests of individual investors may relate to or arise

from, among other things, the nature of investments made by each Fund the structuring of the acquisition of investments and the timing of the disposition of investments. Such structuring of investments may result in different after-tax returns being realized by different limited partners and other investors. As a consequence, conflicts of interest may arise in connection with decisions made by Klaff Realty that may be more beneficial for one investor than another investor, especially with respect to investors' individual tax situations. Klaff Realty considers the investment and tax objectives of each Fund as a whole, and not the individual investment, tax or other objectives of any particular investor.

From time to time, Klaff Realty may be presented with investment opportunities that would be suitable for more than one of the Funds operated by Klaff Realty or advisory affiliates of Klaff Realty. In determining which investment vehicles should participate in such investment opportunities, Klaff Realty and its affiliates are subject to conflicts of interest among the investors. Klaff Realty attempts to resolve these conflicts of interest in light of its obligations to investors and attempts to allocate investment opportunities among investors in a fair and equitable manner.

Part of Klaff Realty's reporting to limited partners and prospective limited partners involves projecting rates of return for investments. Projected operating results of an investment in which a Fund invests normally will be based on financial projections prepared by Klaff Realty in its discretion. In all cases, projections are only estimates of future results that are based upon internal information as well as information received from third parties, and assumptions are made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

Personal Trading

The principals and employees of Klaff Realty may carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar.

Klaff Realty employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding these securities or

communicating material non-public information to others. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Please refer to Items 11.A, 11.B, and 11.C.

ITEM 12 – BROKERAGE PRACTICES

A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Klaff Realty generally focuses on privately negotiated investments on behalf of its Funds. Klaff Realty may, in some circumstances, select and recommend securities broker-dealers for Fund-related transactions. If Klaff Realty sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Klaff Realty. In selecting a broker to execute client transactions, Klaff Realty may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) gross compensation paid to the broker.

Klaff Realty has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Klaff Realty generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Klaff Realty may, in some circumstances, select and recommend real estate brokers for Fund-related transactions. When considering retaining the services of such brokers, Klaff Realty will consider such factors as the broker's industry experience, its reputation and its capability based on previous

and pending transactions effected for Klaff Realty and any of its affiliates. In the case where more than one broker introduces a possible opportunity, Klaff Realty will seek to recommend a broker on the basis of: (i) the ability of such brokers to obtain best execution of the transaction and/or less commonly; (ii) the reasonableness of commissions as compared to other brokers offering similar services. In all cases, the appointment would be directly established between the Funds and the broker.

- 1. Research and Other Soft Dollar Benefits.** If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.

Klaff Realty currently does not enter into soft dollar or comparable commission sharing arrangements with broker-dealers.

- 2. Brokerage for Client Referrals.** If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

Klaff Realty does not receive client referrals in connection with selecting or recommending broker-dealers for the Funds.

- 3. Directed Brokerage**
 - a.** If you routinely recommend, request or require that a client direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their clients to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of client transactions, and that this practice may cost clients more money.
 - b.** If you permit a client to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of client transactions. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because

you may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

Klaff Realty does not engage in directed brokerage arrangements.

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.

Klaff Realty currently does not have more than one active client with an open investment period where the respective clients have the same, or similar investment objectives and strategies and thus does not aggregate the purchase or sale of securities for various client accounts. Klaff Realty has adopted policies and procedures such that in the event there is more than one active client with an open investment period where the respective clients have the same, or similar investment objectives and strategies, such an investment will be allocated in accordance with such policies and procedures.

Any potential conflicts of interest are considered and mitigated consistent with Klaff Realty's policies regarding investment allocation.

Certain investors, by virtue of their class of shares held in a Fund, may have a right to co-invest in an investment alongside a Fund to the extent that the Fund has determined that such co-investment opportunities are available to those investors as defined in the Fund Governing Documents. Additionally, Klaff Realty affiliates and parties associated with Klaff Realty have the option to invest up to a certain amount in any investment, in accordance with the Funds' legal and constitutional documents.

ITEM 13 – REVIEW OF ACCOUNTS

A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.

Klaff Realty's investment team is responsible for reviewing and monitoring each of the Fund's investments on a periodic basis. This investment team includes Mr. Klaff and the Klaff Realty specialists in investment analysis, research, asset management, capital markets and disposition. The team is responsible for identifying, evaluating, structuring and negotiating investments, overseeing the ongoing asset management of the operating partners and property and for oversight of financings, recapitalizations, and dispositions.

B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.

Klaff Realty would review a client account on an other than periodic basis if market conditions or events so required, or in the event an investment needed subsequent financing, in the event of a potential acquisition or liquidity event, or if there were a serious performance issue.

C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.

Pursuant to the individual Fund Governing Documents, reports to the investors may include: (i) annual audited financial statements of the Fund; (ii) annual estimates of the valuations of the assets in the Fund; (iii) quarterly unaudited financial statements of the Fund; (iv) quarterly or annual Fund updates and (v) such other information as is necessary for the preparation of tax returns. All reports are delivered to investors in writing, either electronically or via mail, as per each investor's stated preference.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

Klaff Realty has not entered into any agreements pursuant to which third parties provide any economic benefits to Klaff Realty for providing investment advice or other advisory services to its clients.

B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.

Klaff Realty has not entered into any solicitation agreements pursuant to which it compensates third parties for client referrals.

ITEM 15 – CUSTODY

If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account

statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

The Advisers Act Rule 206(4) (the “Custody Rule”) requires that pooled investment vehicles advised by Klaff Realty either undergo an annual audit pursuant to generally accepted accounting principles (“GAAP”) or be subject to a surprise custody examination by an SEC-registered auditing firm. By the ability of the relevant general partner of an affiliate to deduct fees from Fund accounts, Klaff Realty or an affiliate is deemed to have custody over its clients’ Funds. To comply with the Custody Rule, the Firm has elected to undergo an annual GAAP financial statement audit for each of its Funds over which it may be deemed to maintain custody. The Funds are audited annually and Klaff Realty delivers to the Funds and their limited partners a copy of the annual audited financial statements within 120 days of the fiscal year end. Investors are urged to carefully review such audited financial statements.

Klaff Realty does not, however, take physical custody of client securities or money (other than certain privately offered securities to the extent permitted by the Advisers Act); called capital is directly sent or wired into the respective Fund’s bank account. Klaff Realty receives monthly statements regarding its custody and bank accounts.

ITEM 16 – INVESTMENT DISCRETION

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

Klaff Realty is retained on a fully discretionary basis and is authorized to determine and direct execution of investment transactions pursuant to the terms of each Fund’s Governing Documents. The terms upon which Klaff Realty serves as an investment manager are established at the time each investor retains Klaff Realty as their investment manager. Klaff Realty is not required to contact an investor prior to transacting any business once such investor executes these documents. Investment advice is provided directly to the Funds and not to investors in the Fund individually. Klaff Realty has discretionary authority based on the Governing Documents to buy and sell securities and other investments on behalf of the Funds.

To invest in the Fund, a limited partner must execute a subscription agreement with a Fund. A limited partner in the Fund may impose limitations on Klaff Realty’s authority through a side letter agreement and the Firm may choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon a limited partner’s investment must be presented to Klaff Realty in writing and agreed to by such limited partner and Klaff Realty. No limited partners to date have limited Klaff Realty’s discretion to provide investment advice, nor

have any limited partners limited Klaff Realty's ability to invest in specific company sectors or otherwise.

ITEM 17 – VOTING CLIENT SECURITIES

A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.

By virtue of the Governing Documents of each Fund, Klaff Realty has the authority to vote client securities. The Funds generally do not hold publicly-traded securities with voting rights. Any voting rights held by the Funds generally entail large or controlling interests of privately held issuers. Unlike the limited voting rights attributable to publicly-traded securities, the Funds may have broad voting authority on a wide range of matters affecting privately held issuers. Klaff Realty votes such interests, on behalf of the Funds, in the economic interests of the applicable Fund. Klaff Realty considers relevant facts, which may include, among many others, the impact on the value of the securities, the anticipated economic and non-economic costs and benefits associated with a proposal, the effect on liquidity, and customary industry and business practices.

Klaff Realty has adopted a Proxy Voting Policy that ensures that proxies will be voted in the best interests of the clients and addresses any conflicts of interest that might arise as a result of Klaff Realty's proxy voting obligation.

Clients may obtain a complete copy of Klaff Realty's Proxy Voting Policy and Procedures or, to the extent a proxy was voted by Klaff Realty for a client, information on how Klaff Realty voted proxies free of charge by submitting a written request to Klaff Realty or by calling 312-360-1234.

B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.

This Item is not applicable to Klaff Realty.

ITEM 18 – FINANCIAL INFORMATION

A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.

- 1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity.**
- 2. Show parenthetically the market or fair value of securities included at cost.**
- 3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X.**

Klaff Realty does not require or solicit prepayment of fees six months or more in advance.

B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.

Klaff Realty is not subject to any financial condition that would likely impair its ability to meet contractual commitments to its Funds.

C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

This Item is not applicable to Klaff Realty.