

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 James Worms at (310) 996-8766 or jworms@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 dated March 23, 2020 has been prepared pursuant to the requirements and rules promulgated by the SEC.

Item 2 is used to provide our clients with a summary of new and/or updated material information since its last annual update. The date of our last Brochure was March 28, 2019.

Paladin Realty Partners, LLC, a Delaware limited liability company (“Paladin Realty”) managed and controlled by Paladin Realty Management, LLC (“PRM”), has made the following material changes from the prior version of the Brochure:

Other than as stated in the next paragraph, there have been no material changes to since the date of our last Brochure; however, we have updated Item 4 E to reflect current information.

As of the date of this Brochure, the health and economic effects of the Coronavirus are beginning to be felt in Latin America. Paladin Realty is closely monitoring the situation and taking necessary actions with a view toward mitigating the potential effects to our investments.

We will provide you with other interim disclosures about material changes as necessary.

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ITEM 4 - ADVISORY BUSINESS

A. Description of Advisory Firm

Paladin Realty Partners, LLC (“Paladin Realty”) is a real estate investment advisory firm managed and controlled by Paladin Realty Management, LLC (“PRM”), with PRM owning 75.23% of Paladin Realty and certain prior employees owning a passive 24.77%. Paladin Realty is managed and controlled by an Executive Committee consisting of James Worms, Chairman and Chief Executive Officer; Frederick Gortner, Managing Director and Chief Operating Officer; Randall Loker, Managing Director and Chief Investment Officer; Ricardo Raoul, Managing Director; Santiago Gil, Managing Director; and Alejandro Krell, Managing Director. PRM is 100% owned and controlled by an Executive Committee comprised of the same individuals as serve on Paladin Realty’s Executive Committee. Paladin Realty’s predecessor company was founded in 1995 in partnership with former U.S. Treasury Secretary, William E. Simon. In 2005, the company’s senior management team acquired 100% ownership of the predecessor company and reformed the company as Paladin Realty Partners, LLC.

Paladin Realty, directly or indirectly, provides investment advisory services to private investment vehicles sponsored by Paladin Realty or its affiliates for the purpose of making real estate and related 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 Realty 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 Realty 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 Realty or its affiliates make or manage investments from time to time.

Certain affiliates controlled by or under common control with Paladin Realty may serve as the general partner (or equivalent position) or investment manager of the Paladin Funds. Such affiliates are supervised persons of Paladin Realty 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 Realty. Such affiliates that are not separately registered are relying on Paladin Realty’s registration under the Advisers Act and are not registering themselves. All references herein to “Paladin Realty” shall include such affiliates as applicable.

B. Types of Advisory Services Offered

Paladin Realty, directly or indirectly, provides advice to the Paladin Funds 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.

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 Realty's advisory services are geared to the management of the Paladin Funds, 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 Realty 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, ability to veto or opt-out of certain investments of the Paladin Fund or compliance with specified laws or regulations). Neither Paladin Realty nor its affiliates will enter into a particular side letter if Paladin Realty 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 Realty does not participate in wrap fee programs.

E. Client Assets

As of December 31, 2019, Paladin Realty managed approximately \$368,816,000 of client assets on a discretionary basis. As of December 31, 2019, Paladin Realty 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. These fees may vary for future Paladin Realty investment vehicles. In all cases investors in the applicable Paladin Realty investment vehicle agree to such fees in writing.

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

- A management fee, typically between 1.5% and 2.0%, generally calculated on the capital committed by an investor in such a fund during such fund’s investment period 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 of up 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 if and when earned.
- In certain special situations, Paladin Realty or an affiliate may receive an asset management fee, a development fee, a fee upon acquisition or disposition of an investment and/or other project-level fees for services provided to directly-managed investments. Such project-level fees are always disclosed to investors and typically are subject to periodic review by the advisory committee of the applicable Paladin Fund.
- Paladin Realty may negotiate with certain investors in a fund for lower fees, usually based on the size of an investor’s capital commitment.

B. How Fees are Charged

If applicable, management fees are generally payable quarterly in advance by a Paladin Fund. Project-level fees are typically paid by the applicable project or investment vehicle when earned. 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 Realty 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 Realty or to a Paladin Fund’s general partner, managing member, or affiliates. For example, Paladin Realty 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 “project-level 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 Paladin Fund offering. To the extent Paladin Realty 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, 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).

Given the nature of the Paladin Funds’ investment program, Paladin Realty does not usually transact through broker-dealers. Therefore, investors in Paladin Funds do not generally incur brokerage costs. A discussion of Paladin Realty’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 management functions performed by Paladin Realty. 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 Realty’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 Realty’s termination to the end of the period to which the advance fee covered. Paladin Realty’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 Realty.

E. Compensation for Sales of Securities

Neither Paladin Realty 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 up to 20% of the

profits of a Paladin Fund, subject to the specific formula provided in a given Paladin Fund's governing agreements.

Paladin Realty manages Paladin Funds yielding different performance fees (if any). Paladin Realty and its supervised persons face a potential conflict of interest in managing multiple Paladin Funds at the same time, including that Paladin Realty and its supervised persons may have an incentive to favor accounts for which Paladin Realty or its supervised persons receive a performance-based fee. Additionally, the existence of carried interest may create an incentive for Paladin Realty 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 Realty and its supervised persons utilize to address these conflicts, are disclosed to Paladin Fund investors in each applicable Paladin Fund's governing agreements before they invest. Where an investment opportunity is suitable for more than one Paladin Fund, Paladin Realty 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 Realty addresses such conflicts, see Item 10.C below.

ITEM 7 - TYPES OF CLIENTS

Paladin Realty generally provides investment advice solely to the Paladin Funds. 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 Realty 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 Realty. On occasion, Paladin Realty 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 Realty or offer expertise or other assistance with respect to a particular investment area or portfolio investment. In addition, Paladin Realty 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.

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

A. Methods of Analysis and Investment Strategies

Paladin Realty typically invests assets of the Paladin Funds in a variety of real estate projects in Latin America and, previously, has invested assets of Paladin Funds in real estate projects in the United States. Each Paladin Fund has a different investment mandate, but investments made by the Paladin Funds may generally include investments in residential real estate, as well as in office, retail, industrial and lodging properties. Paladin Realty 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 before they invest.

Participation in any Paladin Fund 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 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 is subject before investing. Such material risks include, but are not limited to, those set forth below.

Risks Related to Real Estate

The Paladin Funds 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 Realty (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 Realty'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 Realty. 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. 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 Realty's directions, incur liabilities for the joint venture and potential liability to a Paladin Fund, or have goals that are inconsistent with those of the Paladin Fund.

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 Realty also does not intend to cause the Paladin Funds to be registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"), and therefore Paladin Fund investors are not afforded the protections of the Investment Company Act.

Paladin Funds are generally structured so that their underlying assets will not constitute assets of any plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("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) 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.

Potential Conflicts of Interest

There will be occasions when Paladin Realty and its affiliates may encounter potential conflicts of interest in connection with Paladin Funds. 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 Realty or its affiliates (for example, Paladin Realty 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 Realty affiliates on different terms.
- Paladin Realty personnel generally devote time to multiple Paladin Realty investment vehicles and activities of other Paladin Realty affiliates.
- Paladin Funds 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 Realty 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 Realty-advised investment vehicles.

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

To address conflicts of interest such as those described above, Paladin Realty investment professionals prepare an investment memorandum for each new investment opportunity or other transaction. Paladin Realty'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 Investment Committee of the applicable Paladin Client (each, as defined below) and legal counsel, if deemed appropriate, in order to recommend courses of action to such Investment Committee. The applicable Investment 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.

C. Recommendations of Particular Securities

The Paladin Funds 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 Realty 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 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. Futures and Commodity Trading

Neither Paladin 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 advisor, or an associated person of the foregoing entities.

C. Material Relationships

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

Paladin Funds may on occasion compete for the same investment opportunities. In response to the potential conflicts created by such competition, Paladin Realty 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 Realty or any affiliate allocate investment opportunities based on anticipated compensation or profits to Paladin Realty, any affiliates or their employees. Each Paladin Fund 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 Realty 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 before they invest.

D. Recommendation or Selection of Other Investment Advisers

Paladin Realty 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 Realty is a fiduciary to its clients, currently the Paladin Funds (collectively, the “Paladin Clients”). This means that Paladin Realty and its employees must put the interests of the Paladin Clients first. To that end, Paladin Realty 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 Realty’s Code of Ethics and Compliance Manual;
- Avoid misleading or inaccurate statements that may be attributed to Paladin Realty;
- Conduct personal securities transactions in a manner consistent with Paladin Realty’s Code of Ethics (including pre-clearance (if applicable) and reporting of transactions);
- Report any violations of Paladin Realty’s Code of Ethics, or Paladin Realty’s Compliance Manual generally, to its CCO; and
- Comply with Paladin Realty’s Code of Ethics, its Compliance Manual, and applicable provisions of the federal securities laws as well as any other laws applicable to Paladin Realty.

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

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

Paladin Realty’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 Realty provides ongoing portfolio management for the Paladin Clients. Investment decisions with respect to the Paladin Clients are made by the applicable investment committee(s) in respect of each Paladin Client (each, an “Investment 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 Realty 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 Realty 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 Realty, 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 Realty will not ordinarily enter into principal transactions. However, if Paladin Realty deems it to be in a Paladin Client’s best interest to be party to a principal transaction, Paladin Realty may enter into a principal transaction if the transaction complies with the applicable Paladin Client’s governing agreements and SEC requirements and if Paladin Realty 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 Realty 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 Realty 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 Realty, without the consent of the applicable Paladin Client(s).

To address the conflicts of interest described above, Paladin Realty 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 Investment Committee of the applicable Paladin Client and legal counsel, if deemed appropriate, in order to recommend courses of action to such Investment Committee. The applicable Investment Committee determines the specific actions to be taken.

C. Personal Trading

Conflicts of interest may arise between a Paladin Client and Paladin Realty when Paladin Realty 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 Realty 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 Realty's Code of Ethics (discussed in Item 11.A above) requires, among other items, that each Paladin Realty 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 Realty's Code of Ethics also requires that all Paladin Realty 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 Realty's investment advice principally relates to real estate (rather than securities). However, conflicts of interest may arise when Paladin Realty (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 Realty 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 Realty'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 Realty 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' investment program, Paladin Realty does not usually transact through broker-dealers. However, in situations where Paladin Realty may need to select a broker-dealer, Paladin Realty 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 Realty does not have any agreements in place that require that Paladin Realty give any specified amount of brokerage to any broker-dealer.

1. Research and Other Soft Dollar Benefits

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

2. Brokerage for Client Referrals

Paladin Realty 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 Realty or its affiliates generally maintain investment discretion on behalf of the Paladin Funds, Paladin Realty 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 do not generally require the services of a broker-dealer, Paladin Realty may seek to aggregate orders of securities for the accounts of the Paladin Funds where practicable.

ITEM 13 - REVIEW OF ACCOUNTS

A. Periodic Review of Client Accounts

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

such Paladin Fund. The offering materials for each Paladin Fund contain specific descriptions of the oversight and monitoring of portfolio investments.

B. Factors that Trigger a Review of Client Accounts

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

C. Reports to Clients Regarding Their Accounts

Paladin Realty 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.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

A. Client Referrals

Paladin Realty 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.

B. Compensation for Client Referrals

Paladin Realty or its affiliates may sometimes enter into arrangements in which persons (including Paladin Realty 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 Realty 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 Realty 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 Realty 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.

ITEM 15 - CUSTODY

As required by SEC rules, Paladin Realty maintains any client assets with "qualified custodians." For those clients for which Paladin Realty is deemed to have custody of client assets within the meaning of the Advisors Act, such clients are audited and receive audited financial statements within 90 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 Realty's "qualified custodian."

ITEM 16 - INVESTMENT DISCRETION

Paladin Realty has discretionary authority to manage the investment portfolios of each of the Paladin Funds. This authority is limited by each Paladin Fund's governing agreements and investment guidelines, as specifically negotiated between Paladin Realty 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 Realty has policies and procedures that Paladin Realty believes are reasonably designed to ensure that proxies are voted in the best interests of Paladin Realty 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 Realty 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 Realty 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 Realty determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, Paladin Realty will vote such proxy as it determines to be in the best interest of the relevant Paladin Client. If Paladin Realty believes it should vote in a way that may also benefit, or be perceived to benefit, its own interest, then Paladin Realty will take action in accordance with the applicable

Paladin Client's governing agreements or as otherwise determined by Paladin Realty 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 Investment Committee of the applicable Paladin Client. Such Investment 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 Realty'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 Realty's proxy voting policies and procedures and/or how Paladin Realty has voted on specific proxies may be made to the CCO.

ITEM 18 - FINANCIAL INFORMATION

A. Balance Sheet

Not applicable.

B. Financial Conditions Likely to Impair Contractual Commitments

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

C. Bankruptcy Petitions

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