



NEWS FROM CLOVERLEAF

Fall, 2014

Side 1 of 2

With Interest Rates So Low, Why Aren't We Buying More?

Michael Basofin and Jonathan Basofin, Principals

With the amount of capital available to Cloverleaf and interest rates still at historically low levels, some have asked why we have not gone on an acquisition binge like many other real estate investors. After all, no one is earning much in savings/financial instruments and the stock market is...well...the stock market. If some well performing real estate is good, wouldn't even more be better?

The answer is that we are less bullish than others because we believe that the immediate "better" returns wrought by low interest rates will bring only short-lived gratification. As most people agree, rates are being kept artificially low and will eventually rise to more customary levels. When that inevitability occurs, returns will decrease unless the value of the underlying real estate has grown. And our view is that as rates rise, pricing for many assets will probably go down.

Our job is to build lasting value for our investors and, of course, ourselves. The owners of Cloverleaf, its Advisory Committee, and our family members continue to be, collectively, the largest investor in our funds in the same class as every other investor.

Therefore, we seek those select opportunities that have the best promise for appreciation and/or stabilized cash flow over time as opposed to investments that only make sense in a low interest rate environment. While the going may be slower than any of us like, "steady and targeted" is the bet we are making, as we have been doing for over 32 years.

In the meantime, we will entertain selling certain properties at what we believe to be somewhat temporarily inflated prices, while ensuring we are positioned to capitalize on a more opportune buying environment in the future.

If you would like to discuss this topic further, please do not hesitate to call us at 847-272-3300 or email at the following addresses:

*Michael Basofin: msb@cleafgroup.com
Jonathan Basofin: jeb@cleafgroup.com*

Greenwood Springs (Greenwood, IN) Purchased

In November, The Cloverleaf Fund VI, LLC acquired Greenwood Springs, a 28,028 square foot retail/service center in Greenwood, IN.

Greenwood, a southern suburb of Indianapolis, has experienced significant population growth in recent years, including over 40% since 2000.

The center is a "shadow" to a separately owned Super Walmart anchored center and is located at the major intersection of Emerson and County Line Roads, adjacent to a relatively new I-65 interchange. Other notable operators surrounding this intersection include Kroger and Gander Mountain, as well as several restaurants, banks, and hotels. A mix of 12 national and local tenants occupy 90% of the center with two vacancies comprising the other 10%.

We believe that the combination of a superior (and still growing) location, the lease-up of the vacant spaces, and certain below-market rents will yield a steady return with upside.

Hilltop Center (Glendale Heights, IL) Purchased

In July, The Cloverleaf Fund VI, LLC acquired Hilltop Center, a 31,332 square foot retail/service center in Glendale Heights, IL.

The property is anchored by a 12,300 square foot corporately guaranteed Fresenius Medical facility with over 11 years remaining on its lease. Fresenius is the world's largest provider of dialysis services.

In addition to Fresenius, another appeal of the opportunity is its 24% vacancy, broken into four spaces. We believe that given the proper attention and tenant/rental expectations, the vacancy is leasable and will increase returns.

We are pleased to have acquired an asset with such a compelling combination of stability and value-add potential.

[Continued on opposite side of page]



NEWS FROM CLOVERLEAF

Side 2 of 2

Highland Ridge (Grafton, WI) Now 100% Leased

We are pleased to announce that Highland Ridge, the 72,075 square foot center co-owned by The Cloverleaf Fund V, LLC and the Harris/Cloverleaf Special Opportunity Fund, LLC, is now 100% leased. We recently leased its final two spaces to Allstate Insurance and Papa John's, each for a term of five years.

The property, which is located in a northern suburb of Milwaukee, is anchored by a Pick 'n Save grocery store with approximately 15 years left on its lease.

Aurora Healthcare Lease Extension Executed at 5818 Capitol (Milwaukee, WI)

We recently negotiated a five-year lease extension with Aurora Healthcare for their lease at 5818 Capitol Drive in Milwaukee, WI. The lease now runs through April, 2027.

Aurora Healthcare is the largest medical provider in Wisconsin and the state's biggest private employer. The property is located in the Capitol Heights neighborhood of Milwaukee and sits on an outparcel to the Midtown Center retail mall.

When we acquired this single-tenant asset in 2013, a joint investment by The Cloverleaf Fund V, LLC and The Cloverleaf Horizon Fund I, LLC, our objective was to arrange a lease extension. We are glad to have met our goal because we believe it adds significant stability and value to the project.

Continued Leasing Momentum at High Point Square (Romeoville, IL)

The Cloverleaf Fund V, LLC's High Point Square is now 100% leased. The Romeoville, IL property consists of 49,900 square feet that is contiguous to a separately owned Jewel store, as well as three outlot buildings tenanted by Bank of America, Wendy's, and Taco Bell.

When we acquired the asset in 2012, the 49,900 square feet of inline space was approximately 25% vacant. We have since leased eight vacant spaces and renewed the leases for eight of the center's other tenants. We are pleased to have stabilized the property with what we believe to be an excellent mix of tenants.

Outlot Sold at The Shoppes at Wyndham Village (Franklin, WI)

In June, we closed on the sale of one of the three vacant outlots at The Shoppes of Wyndham Village, the 94,245 square foot Pick 'n Save anchored (and Target "shadow" anchored) center in Franklin, WI, co-owned by The Cloverleaf Fund VI, LLC and The Cloverleaf Horizon Fund I, LLC. The outlot's buyer is a Madison, WI based credit union, who will build a facility on the site.

A portion of the sale proceeds went to the party who sold us the property (in a deal arranged during our purchase negotiations), another portion to a reserve account for future lease-up/capital expenses, and the rest as a distribution to investors.

The Cloverleaf Fund VI, LLC Formed and Three Assets Acquired

In late 2013/early 2014, we formed The Cloverleaf Fund VI, LLC with total subscriptions for \$18,625,000. The Fund is comprised of 37.25 units of \$500,000 each, split among 121 investors.

We appreciate the confidence of our partners in Fund VI, which include several individuals and families who have been investing with Cloverleaf for decades, as well as many first or second time investors.

To date, Fund VI has deployed approximately 65% of its capital on three acquisitions, each of which is discussed elsewhere in this letter: The Shoppes at Wyndham Village (Franklin, WI), Hilltop Center (Glendale Heights, IL), and Greenwood Springs (Greenwood, IN). We are reviewing other potential opportunities.

Please do not hesitate to contact us with any questions or comments at 847-272-3300 or at the e-mail addresses below:

*Michael Basofin, Principal
msb@cleafgroup.com*

*Jonathan Basofin, Principal
jeb@cleafgroup.com*

*Cindy Freese, Senior Vice President
cmf@cleafgroup.com*

We wish everyone a Happy Thanksgiving!