



NEWS FROM CLOVERLEAF

Summer, 2015

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Launch of The Cloverleaf Fund VII, LLC

We are pleased to announce The Cloverleaf Fund VII, LLC, our seventh traditional fund and ninth fund overall.

We believe that prudent investors pursue a balanced portfolio consisting of several asset classes (e.g., stocks, bonds, real estate, etc.). While returns on real estate acquisitions under current market conditions may be lower than on acquisitions made during the recession beginning in 2007 (in part due to lower valuations at the time of acquisition), we believe that strategically acquired real estate of the type that Fund VII is targeting will yield competitive returns as part of a diversified portfolio.

We intend to continue focusing on retail/service centers and, secondarily, medical office assets. Geographically, we are targeting Midwestern markets, particularly metro Chicago, Milwaukee, Indianapolis, and college towns such as Champaign, IL or West Lafayette, IN. Our objective is, as it has been, to acquire a combination of stabilized and "value add" assets. There will be no change to our longstanding philosophy of maintaining relatively low leverage (40%-60% loan-to-value).

As always, the owners of Cloverleaf, its Advisory Group, and their family members, will invest significantly in Fund VII on identical terms as all other investors.

We have signed a contract for Fund VII's first acquisition, a 100% leased, 27,608 square foot retail/service center in Schererville, IN. Located approximately 30 miles from Chicago's Loop, Schererville is a growing upper-middle class community. The center is located at a prominent intersection, surrounded by major retailers, and its tenants include Starbucks, Oberweis Dairy, Accelerated Physical Therapy, and other national/regional tenants. This purchase will likely be a joint investment by Fund VII and The Cloverleaf Fund VI, LLC.

Fund VII will invest in multiple properties, each of which will be purchased over a period not to exceed 30 months. Capital will be called from Fund VII investors as suitable properties are found.

Fund VII is expected to be capitalized with approximately \$12,000,000 to \$30,000,000 of equity. Investment units in Fund VII are \$500,000, though a limited number of partial units will be made available (starting at a total commitment of \$25,000-\$50,000). Due to securities law restrictions, all investors must be "accredited". Please contact us at 847-272-3300 or jeb@cleafgroup.com if you would like to learn more.

*This letter is for informational purposes only, does not constitute an offer to sell any investment, and may be subject to changes or corrections. An offer for units can only be made through a Private Placement Memorandum for The Cloverleaf Fund VII, LLC.

Our Investor Constituency

Jonathan Basofin, Principal

The \$18,625,000 of capital comprising our most recent fund, The Cloverleaf Fund VI, LLC, is divided among over 120 investors. Unlike many real estate funds, we choose to not take in capital from large, institutional entities. Rather, we prefer to maintain a grassroots base and full control over our deals. The Principals of Cloverleaf raise all funds without paying commissions or fees to outside brokers or other third parties, directly or indirectly, which helps minimize project costs.

Not surprisingly with such a large group, our investors' goals are diverse: Some, like me, are in their mid-thirties and concerned with issues like home remodeling and future tuition; others, like my father/partner in Cloverleaf are ... well ... older than that and have a different array of financial motivations. Some investors value a steady stream of income; others are more interested in a "pop" when a property is sold. And the list of investment objectives goes on.

However, from countless conversations with investors over the last six years, I have come to believe that our group shares some fundamental similarities with respect to their decision to invest with Cloverleaf: First and foremost, all investors want to know the ultimate result will be positive based on a combination of cash flow, debt reduction, and asset appreciation. But more to the point, those similarities align with, and continually reinforce, our company's core principles. For example, our investors tell us that they value the fact that the owners of Cloverleaf and its Advisory Committee invest heavily in our Funds in the same class as all other investors, that we use relatively modest debt, that we manage only our own properties, that our reporting is straightforward, and that we distribute K-1s timely. Each of those practices has been essential to our philosophy and success for over 33 years and will not change.

Most importantly, we value the trust our investors place in us. We take that trust seriously and are always driven to do what we believe to be in the best interests of the Fund as a whole. Having said that, we continue to look for ways to meet our investors' varied and changing goals and are presently looking at a range of investment possibilities (e.g., a longer-term, income driven acquisition). Current or prospective Cloverleaf investors should not hesitate to contact Michael Basofin or me to discuss your objectives.

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174 North Michigan Avenue (Chicago, IL) Sold

In March, we completed the sale of 174 North Michigan Avenue, The Cloverleaf Fund IV, LLC's 22,482 square foot office/retail building in Chicago, IL, for \$12,500,000. Fund IV purchased this property in February, 2007 for \$7,255,000. Between cash flow and sales proceeds, we were pleased to return substantial profits to Fund IV investors.

Stony Creek Shoppes (Noblesville, IN) Purchased

In January, The Cloverleaf Fund VI, LLC acquired Stony Creek Shoppes, a 12,080 square foot multitenant retail/service center in Noblesville, IN. Noblesville, a northern suburb of Indianapolis, is the county seat of Hamilton County, the fastest growing and most affluent county in Indiana. The property, which was 13% vacant at the time of acquisition, sits on an "outlot" to Stony Creek Marketplace, a large center that includes Meijer, Lowe's, Best Buy, TJ Maxx, Home Goods, PetSmart, Barnes & Noble, and several smaller retailers. We believe this center is a well-located asset that offers a combination of stability and value-add potential.

Eola Commons (Aurora, IL) Sold

In July, we completed the sale of Eola Commons in Aurora, IL for \$5,200,000. This 22,914 square foot retail/service center, which was purchased for \$3,700,000 in July, 2013, was jointly owned by the Harris/Cloverleaf Special Opportunity Fund, LLC and The Cloverleaf Horizon Fund I, LLC. Between cash flow and sales proceeds, we were pleased to return substantial profits to investors.

Vacant Outlot Building (Des Plaines, IL) Purchased

In April, The Cloverleaf Fund VI, LLC acquired an 8,400 square foot vacant building located in a Jewel grocery store anchored center at Elmhurst Road and Dempster Avenue in Des Plaines. Des Plaines is 17 miles northwest of the Chicago Loop and adjacent to Chicago's O'Hare International Airport. While Cloverleaf typically does not buy vacant buildings, we believe that given the proper focus, expectations, and capital, this building is leasable and presents an opportunity for value creation and good diversity for Fund VI's portfolio.

Recent Lease Renewals

In addition to new leasing, we have renewed 37,857 square feet of spaces (13 tenants) in 2015, some of which were early lease extensions. As always, these renewals were handled by Cindy Freese, Cloverleaf's Senior Vice President, who leads our leasing and management team, and who has been with the company for over 27 years.

Recent Refinancings

We recently completed refinancings of three Cloverleaf properties, each of which resulted in investor distributions:

- **5818 Capitol Drive (Milwaukee, WI)**: In December 2014, we closed a \$300,000 debt increase for this 16,709 square foot, 100% leased Aurora Healthcare building, which is jointly owned by The Cloverleaf Fund V, LLC and The Cloverleaf Horizon Fund I, LLC. The refinancing came on the heels of an early five-year lease extension we negotiated with Aurora, extending the expiration from 2022 to 2027.
- **Highland Ridge (Grafton, WI)**: In December 2014, we closed a \$1,400,000 debt increase for this 72,118 square foot, 100% leased grocery-anchored retail/service center, which is jointly owned by The Cloverleaf Fund V, LLC and the Harris/Cloverleaf Special Opportunity Fund, LLC.
- **High Point Square (Romeoville, IL)**: In July, we closed a \$500,000 debt increase for this center, which is owned by The Cloverleaf Fund V, LLC. The asset consists of 49,900 square feet of space contiguous to a separately owned Jewel store, as well as three outlot buildings tenanted by Bank of America, Wendy's, and Taco Bell.

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 hope everyone is having a wonderful summer!