

CLOVERLEAF *today* NEWSLETTER

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Michael S. Basofin
President

The President's Report

in an important competitive edge in the marketplace.

Cloverleaf is poised to take advantage of all the opportunities that 2008 offers. First of all, in early 2007 we formed The Cloverleaf Fund IV, LLC with commitments for \$30,000,000. In assessing acquisition alternatives, our patience to wait for prices to return to normal levels has paid off as we have plenty of Fund IV capital available. Secondly, Cloverleaf's low leverage financing model utilizes non-recourse mortgages in the amount of approximately 60% - 65% of value for acquisitions and refinancings. Our model is presently very close to the maximum amount of leverage banks are currently comfortable lending. The reliability of our lenders (First Midwest Bank, Cole Taylor Bank, The PrivateBank and others) enables us to contract for quick, predictable closings. Finally, and most important, we have the people and the corporate culture to deliver excellence regardless of market conditions. We are not perfect, but our 25 year track record speaks for itself.

I refer you to Cloverleaf's Mission Statement:

Corporate Mission Statement

Maximize annual cash returns for investors while enhancing value creation for investment entities by acquiring, managing, and selling real estate.

Communicate and promote our results through frequent, standardized, and straight-forward reporting.

Reinforce investor confidence via continued investment by Cloverleaf and affiliates in all of its entities.

Achieve mutuality through a positive, secure, work environment resulting in the highest levels of commitment, skill, and effectiveness.

Maintain and Strengthen our reputation for integrity and professionalism.

Realize a reasonable return for Cloverleaf (by implementation of the above) enabling the owners and employees to prosper.

Best wishes to all of you for a healthy, peaceful and prosperous year.
We appreciate your continued support and confidence.

Featured Property

By: Cindy M. Freese,
Vice President of Operations

Location - Location - Location

MICHIGAN AVENUE 174 LLC
174 N. Michigan Avenue
Chicago, Illinois
An Asset of The Cloverleaf Fund IV, LLC

174 N. Michigan Avenue is a 29,000 square foot, four story building on Michigan Avenue with stunning views of Millennium Park. 7-Eleven and GNC lease space on the ground floor and the upper three floors are office suites. Although this early 20th Century building needed some long deferred maintenance, we knew that this asset had tremendous upside given its location, our purchase price, and the ability to increase the gross rents.

We spent much of this past year working to stabilize the occupancy (as we anticipated two full floors of office becoming available in April, 2008) and improving the physical appearance of the building's interior. We are pleased that we were able to lease one of the floors to our 2nd floor tenant to accommodate its expansion and we extended the lease on both floors until 2014. Furthermore, we completed an attractive renovation of the building's office lobby and elevator. The improvements included new wall treatments, lighting, carpeting, doors, and directory signage. We are thrilled to share our before and after photos of the lobby with you.

We greet 2008 with enthusiasm and are confident that we will find a tenant to lease the 4th floor space while we begin work on our next lease expiration which is in February, 2009. The present rent on this retail space is substantially below market and this tenant does not have an option to renew its lease.

This is an opportunity to significantly raise (perhaps double) the rent for this space. Whether our tenant renews its lease or we lease the space to another retailer, our leasing activity will surely increase the value of this asset.



THE CLOVERLEAF GROUP

NORTHERN EXPOSURE

By: Thomas M. Bretz,
Executive Vice President

A few assorted insights into the Wisconsin real estate market:

- The I-94 highway corridor between Milwaukee and Chicago continues to fill in. We continue to watch opportunities in Kenosha and Racine as Illinois folk view these locales as viable alternatives to the northwest suburbs. Kenosha is now called "Chicago's northernmost suburb" by some and with similarities in station to station train ride times between Kenosha and The Loop and Barrington and the Loop, this trend is likely to continue.
- The broader capital market trends impacting the Chicago market are likely to have a significant impact in Milwaukee as well. Often when the real estate market is hot and firms have more capital than available deals, secondary markets like Milwaukee become more popular and prices are bid up substantially by a higher number of offers. Not surprisingly, in a slower market with less capital chasing properties, exiting Milwaukee is more difficult (which, of course, creates a favorable acquisition market). This is one reason why we are cautious when we buy in Wisconsin.
- We continue to see some Sellers interested in divesting themselves of most or all of their real estate portfolio in both Chicago and Milwaukee. This trend has been seen from the REITs to the small investors; we are even being contacted by lenders who are somewhat nervous that some of their higher leverage clients may be in trouble. Some of these portfolios are a mix of Illinois and Wisconsin deals and our willingness to look at both markets puts us in a strong position. We are cautiously optimistic that we may purchase one of these portfolios in 2008.

Portfolio:

The Cloverleaf Fund III, LLC

Properties Include:

- Eastwood Center LLC**
 Eastwood Center is a 65,547 square foot, multi-tenant shopping center in northwest suburban Woodstock. Tenant mix at this center includes Aldi, Office Depot, Family Dollar, The Secretary of State facility and others. Cloverleaf added Aldi, Office Depot, and Family Dollar as tenants.
- Delavan Pointe LLC**
 Delavan Pointe is an 8 building, 64-unit residential apartment complex converted to condominiums and located two miles southeast of downtown Delavan.
- Essub LLC**
 Essub is a 38,956 square foot, industrial/flex building in northwest suburban Bensenville. The property is located at 621 Busse Highway, near the intersection of Irving Park Road and Busse Highway.
- 8600 Brown Deer LLC**
 Highland Plaza is a 95,143 square foot retail strip center located on Brown Deer Road on the north side of Milwaukee. This property offers us a strong redevelopment opportunity.
- Glendale Business Center, LLC**
 Glendale Business Center is a 136,800 square foot industrial/flex property made up of four buildings. The property is located on North Sidney Place in Glendale, Wisconsin.

The Cloverleaf Fund IV, LLC

- Michigan Avenue 174 LLC**
 A four story mixed-use building totaling approximately 29,000 square feet located diagonally across the street from Millennium Park in downtown Chicago. It is currently occupied by four national or regional tenants ranging in size from 240 to 11,600 square feet.
- West Aurora Plaza LLC**
 (presently under contract)
 A six building, 207,102 square foot retail property and a 3 acre parcel of land in Aurora, (Kane County) Illinois. The property is anchored by Wal-Mart; other tenants include McDonald's, Hallmark, Blockbuster and local tenants.

YEAR 2007 PROPERTY PERFORMANCE

The Cloverleaf Fund II, LLC 1810 LLC (Sold) Arlington Business Center LLC (Sold) Cog Circle LLC (Sold) New York Square LLC (Sold) (a Final Annualized Internal Rate of Return of 22%)	100% of Invested Capital Distributed	100% of Invested Capital plus Preferred Return Distributed
The Cloverleaf Fund III, LLC Plaza Falls LLC (Sold) Eastwood Center LLC Delavan Pointe LLC Essub LLC 8600 Brown Deer LLC Glendale Business Center, LLC	To Date 67.25% of Invested Capital Distributed	To Date 58.07% of Invested Capital plus Preferred Return Distributed
The Cloverleaf Fund IV, LLC Michigan Avenue 174 LLC West Aurora Plaza LLC (Under Contract)	To Date 3.5% of Invested Capital Distributed	To Date 3.27% of Invested Capital plus Preferred Return Distributed

Not included in The Funds:

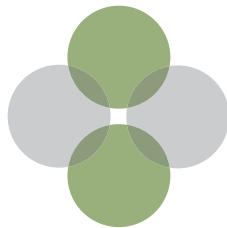
- 666 Dundee Road LLC:**
 A dual-tenant office building consisting of 5,295 square feet. This building serves as the corporate office for The Cloverleaf Group.
- Northwest Corner Limited Partnership**
 A 38,030 square foot mixed use development located in Long Grove, Illinois.

Sales Include

- The Cloverleaf Fund II, LLC**
1810 LLC
 1810 Delany (Delany Square) is a 27,377 square foot multi-tenant, mixed-use retail service center.
- The Cloverleaf Fund III, LLC**
Glendale Business Center, LLC
 One 32,400 square foot building (of the total 136,800 square foot property) was sold on January 11, 2008 to a tenant in the building.
- Four Corners Limited Partnership**
 Land parcel in Wauconda, Illinois (an annualized final internal rate of return of 13%)

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