

HAYMAN WOODS

Form ADV Part 2 Brochure

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This brochure provides information about the qualifications and business practices of Hayman Woods, L.L.C. (“Hayman Woods” or the “Adviser”). If you have any questions about the contents of this brochure, please contact us at 214-302-0051. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

This brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities or investment products. Such an offer may only be made to eligible persons by means of delivery of offering memoranda and/or other similar materials that contain a description of the material terms related to such investment.

Additional information about Hayman Woods is also available on the Adviser’s website at www.haymanwoods.com and the SEC’s website at: www.adviserinfo.sec.gov.

Summary of Material Changes

Hayman Woods's most recent annual update to Part 2 of Form ADV was made in March 2011. Since that update, Clay Likover has left the Adviser. The Adviser began serving as investment manager to Hayman Woods Apartment Properties, LLC. The investment mandate and fees for this fund are described herein. The Adviser also no longer compensates a third party for referral of investors.

Other than the items described above, Hayman Woods' business activities have not changed materially since the time of its last update.

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Advisory Business

Hayman Woods, a Texas limited liability company with a principal place of business in Dallas, Texas, was founded in December 2007 by Jonas Woods and Kyle Bass. The Adviser is owned, indirectly, by Jonas Woods, John Helton, James Woods, Adam Krug, and William Prewitt (each a “Principal”) and Kyle Bass. Hayman Woods has been registered with the Securities and Exchange Commission as an investment adviser since June 2008. As of December 31, 2011 Hayman Woods managed approximately \$79.3 million on a discretionary basis on behalf of its clients.

Hayman Woods provides discretionary investment management services to private pooled investment vehicles (individually, a “Primary Fund” and collectively, the “Primary Funds”) and certain co-investment vehicles (the “Sidecar Funds”) that may be formed to invest side-by-side with such Primary Funds (collectively the “Funds”). Investors in the Funds are typically institutions, funds-of-funds, family offices, and high-net-worth individuals. The investment mandates and restrictions of the Funds are described in their respective offering documents. Investors are not permitted to impose their own investment restrictions on the Funds.

Hayman Woods Residential Strategies Fund, L.P. and the HWRSF Sidecars

Hayman Woods serves as investment manager to the Hayman Woods Residential Strategies Fund, L.P. (“HWRSF”), a Delaware limited partnership. Hayman Woods GP, L.P. (“HW GP”), a Texas limited partnership and affiliate of the Adviser, serves as the general partner of HWRSF. The primary purpose of HWRSF is to invest in a portfolio of residential real estate and real estate-related assets.

In connection with its management of HWRSF, Hayman Woods also serves as investment manager to certain Sidecar Funds that invest side-by-side with HWRSF in specific projects (the “HWRSF Sidecar Funds”). HW GP serves as general partner to each of the HWRSF Sidecar Funds, which are listed below.

- HW Acadiana Investors, L.P.
- HW CGC Partners, L.P.
- HW Magnolia Plantation, L.P.
- HW Phoenix Partners, L.P.
- HW Phoenix Partners II, L.P.
- HW Waterstone Investors, L.P.

HWRSF and the HWRSF Sidecar Funds are closed to new investors and are no longer making new investments.

Hayman Woods Apartment Properties Company, LLC

Hayman Woods serves as investment manager to the Hayman Woods Apartment Properties Company, LLC (“APTCO”), a Delaware limited liability company. HW GP serves as the managing member of APTCO. The primary purpose of APTCO is to

invest in a portfolio of multi-family residential real estate assets. Such assets will be acquired through a subsidiary structured as a real estate investment trust ("REIT Subsidiary"). APTCO is currently in the process of securing capital commitments. Hayman Woods may determine, at its complete discretion, to offer opportunities to APTCO investors or others to participate in Sidecar Funds that would invest directly in one or more specific projects (the "ATPCO Sidecar Funds").

Single Project Vehicles

Hayman Woods or Affiliates controlled by the Principals of Hayman Woods ("Controlled Affiliates") may serve as sponsors or managers of pooled or single investor vehicles that invest in stand-alone real estate projects unconnected with any investments held in the Funds ("Single Project Vehicles"). As a matter of policy, neither Hayman Woods nor the Controlled Affiliates will initiate or sponsor a Single Project Vehicle to acquire an investment unless such investment is a) inconsistent with the investment strategy or limitations of the Funds, or b) the Funds lack the capacity to make such investment. Offers to invest in any Single Project Vehicles may be made to investors in the Funds and/or other parties at the complete discretion of Hayman Woods or its affiliates.

Fees and Compensation

Investors in the Funds are subject to the fees and expenses described below. Hayman Woods has the authority to negotiate these fees and expenses at its discretion. Hayman Woods has waived or negotiated lower fees or expenses for certain investors, including employees, affiliates and their family members.

Investment in the Funds in the middle of a billing period is generally not permitted. Further, investors in the Funds are generally not permitted to redeem their investments – distributions are made following certain realization events. Nevertheless, in the event that an investment is made in the middle of a billing period, the management fee would be prorated. If the advisory services of the Adviser are terminated prior to the end of any calendar quarter, a proportionate amount of the applicable management fee will be refunded to the affected Fund. Investors in the Funds should consult offering documents for the relevant Fund for a detailed description of the fees and expenses applicable to their investment.

Hayman Woods Residential Strategies Fund, L.P. and HWRSF Sidecar Funds

Investors in HWRSF are subject to a management fee equal to two percent of the aggregate of the HWRSF's limited partner commitments funded with respect to investments that have not been the subject of a disposition or completely written-off. The management fee is payable to Hayman Woods semi-annually in advance. The Adviser or an affiliate thereof may receive fees in connection with investments made on behalf of HWRSF (including capital markets, banking, and advisory service fees); eighty percent of such fees will be applied, net of applicable HWRSF expenses, to reduce future unpaid management fees. If the aggregate amount of such fees exceeds the management fee in any fiscal year, the excess will be carried forward to reduce the management fee payable in the following fiscal year. In the event that HWRSF is dissolved or the advisory services of the Adviser are terminated prior to the end of any

calendar semi-annual period, then a proportionate amount of the applicable management fee will be refunded to the limited partners, as applicable.

Proceeds from the disposition of an investment, rents, dividends or interest realized on investments by HWRSF will be apportioned among the limited partners and HW GP with respect to their capital contributions, with the amounts and distributed as follows: (i) 100% to the limited partners until such limited partners have received, on a cumulative basis, aggregate distributions (including deemed distributions) equal to an annually compounded rate of return of 8% per annum on such limited partners' unreturned capital contributions; (ii) then, 100% to the limited partners until such limited partners have received, on a cumulative basis, taking into account all prior distributions, an aggregate amount equal to its capital contributions; (iii) then, 60% to HW GP and 40% to the limited partners, until such time as HW GP has, in the aggregate received a cumulative distribution pursuant to this clause (iii) equal to 20% of the sum of distributions made pursuant to clause (i) above and pursuant to this clause (iii); and (iv) thereafter, 80% to the limited partners and 20% to HW GP.

Hayman Woods and HW GP receive a management fee and performance allocation, respectively, in connection with the HWRSF Sidecar Funds. The amount of the management fee and performance allocation charged to a particular HWRSF Sidecar Fund may be equal to or less than those paid by HWRSF.

Hayman Woods Apartment Properties Company, LLC

APTCO's REIT Subsidiary will pay a management fee to Hayman Woods or an affiliate quarterly in advance. For any particular quarter, the management fee will equal the greater of (a) 0.375% of the sum of the (i) the outstanding equity of APTCO investors and (ii) the available unfunded commitments of APTCO investors (capped at a quarterly fee of \$187,500) or (b) 0.05% of the GAAP undepreciated book value of APTCO's assets at the end of the preceding quarter. The management fee is intended to compensate Hayman Woods solely for the time of its executive team, and not for other employees or other costs.

Proceeds from rents, the disposition of investments, and dividends or interest realized on investments by APTCO will be apportioned among the limited partners and HW GP with respect to their percentage interests in APTCO and distributed as follows:

(i) 100% to the investors until the total cumulative distributions to date under this clause are equal to an annually compounded return of 8% per annum (compounded as of the end of each fiscal year) on the amount of the investors' total unreturned capital contributions to date for the period such unreturned capital contributions remain outstanding; (ii) 100% to the investors until the total cumulative distributions to date under this clause are equal to the aggregate capital contributions of the investors; (iii) 100% to HW GP until it has received, on a cumulative basis, aggregate distributions under this clause equal to 15% of the aggregate distributions to date collectively under clause (i) and this clause (iii); and (iv) all remaining amounts (a) 85% to the investors and (ii) 15% to HW GP.

Hayman Woods and HW GP may receive a management fee and performance allocation, respectively, in connection with the any APTCO Sidecar Fund. The amount of the management fee and performance allocation charged to a particular APTCO Sidecar Fund may be different than those paid by APTCO.

Expenses

Investors should consult with the offering documents of the applicable Fund to determine the nature of the expenses that may be paid by the Fund. In general, each Fund will pay all costs and expenses relating to its operations, including, but not limited to: (a) all costs and expenses of identifying, researching, evaluating, reviewing, analyzing, structuring and negotiating, acquiring, holding, managing, overseeing, monitoring, operating and disposing of proposed or completed investments, and all other costs and expenses relating to investments, and any costs and expenses of financings or refinancing related thereto or otherwise permitted under the terms of its partnership agreement; (b) establishing and maintaining any credit facility and all interest and other costs payable under any such financing; (c) the registration, qualification or exemption of the Fund under any applicable federal, state, local or foreign law; (d) obtaining legal, tax and accounting advice of other consultants and experts in connection with the business of the Fund; (e) all ordinary administrative expenses, insurance, taxes or other governmental charges; (f) all routine administrative expenses of the Fund; (g) any meetings of the partners or any boards or committees established to advise the Fund; (h) any litigation, mediation, arbitration or other legal or tax proceeding in connection with the business of the Fund, and the amount of any judgment or settlement paid in connection therewith; (i) the collection of amounts due to the Fund; (j) the dissolution and liquidation of the Fund; (k) any obligations to provide indemnification or contribution payable by the Fund; (l) any amendments to the applicable partnership agreement; and (m) organizational expenses up to specified limit. Hayman Woods will generally be responsible for its own operations, including rent, furniture and fixtures and all other office equipment. Depending on their terms, a Fund may be responsible for a portion of the compensation of certain employees of Hayman Woods and/or the Fund.

To the extent an expense is incurred that benefits multiple entities managed by Hayman Woods and its affiliates (such as insurance), such expenses will be allocated on a reasonable basis among the benefitted entities. In addition, if legal counsel would normally be engaged at the expense of a Fund to carry out an item chargeable to the Fund, the applicable general partner may utilize qualified internal legal counsel and charge the Fund an allocated portion of the expense of such internal counsel, as long as such charges do not exceed the normal market cost to engage outside counsel.

Single Project Vehicles

Management fees, performance allocations and other expenses with regard to Single Project Vehicles are not determined on a fixed schedule. The types of fees and expenses applicable to these vehicles depend on the specific nature of the project and

are typically subject to negotiations between Hayman Woods or the Controlled Affiliates and the investors in each such Single Project Vehicle.

Performance Based Fees and Side-by-Side Management

As described above, Hayman Woods receives performance-based allocations from all of its clients.

Types of Clients

Hayman Woods provides investment management services to private pooled discretionary investment vehicles. Investors in the Funds and Sidecars are typically institutions, funds-of-funds, family offices, and high-net-worth individuals. The minimum commitment for HWRSF was \$1 million. The minimum commitment for APTCO is \$250,000. The minimum commitments, if any, for the Sidecar Funds and Single Project Vehicles are determined in the sole discretion of the applicable general partner or investment manager. The applicable general partner or investment manager may grant exceptions to any stated minimums.

Methods of Analysis, Investment Strategies and Risk of Loss

The Adviser maintains an investment committee (the “Investment Committee”) responsible for overseeing the investment process from the origination of each investment transaction, through asset management and ultimately the realization of the investment. The Investment Committees for HWRSF and APTCO are comprised of certain of the Principals and Kyle Bass, subject to changes to the composition of each Investment Committees in accordance with the terms of each Fund’s offering documents. The Adviser’s investment process follows a disciplined eight-stage process: (i) source and evaluate, (ii) conduct initial due diligence, (iii) obtain preliminary approval, (iv) conduct comprehensive due diligence, (v) obtain final approval, (vi) execution, (vii) asset management, and (viii) realization.

Source and Evaluate

The Adviser’s senior investment professionals source potential investment opportunities through their established network of industry relationships. These relationships include financial institutions, owners and operators, investment banks/financial advisors, consultants, brokers and other intermediaries. Each potential opportunity is tracked on a spreadsheet and discussed among the investment team weekly in a formal pipeline meeting. During the pipeline meeting, the team evaluates and prioritizes potential transactions on multiple criteria, including the size and fit with the Company’s investment objectives.

Conduct Initial Due Diligence

Following the decision to pursue a transaction, the deal lead will conduct initial due diligence on the opportunity. This initial due diligence consists generally of an investigation of the property, the market, and the financials. With this information, the deal lead works with the investment team to model the transaction and determine the price at which the Adviser is willing to bid the asset.

Obtain Preliminary Approval

Having been awarded the transaction by the seller, the deal lead prepares a preliminary approval memorandum, including financial projections and an analysis of the competitive market. The memo also contains a request for a specific amount of funds with which 1) to put the asset under contract and 2) to perform comprehensive due diligence. After having reviewed the memo and met to discuss the opportunity, the Investment Committee either approves or disapproves of the transaction's continued pursuit as presented.

Comprehensive Due Diligence

Given a decision by the Investment Committee to continue pursuit of the potential transaction, the deal lead, with the assistance of the investment team, other personnel, and external consultants and advisors, commence intensive and comprehensive analysis and diligence of the potential investment. As part of this due diligence, a full physical, financial, feasibility, tax and legal analysis is conducted. Simultaneously, all necessary legal documents are negotiated. During this stage at least two of the senior investment professionals will each personally visit the investment under consideration. At the completion of this comprehensive due diligence stage, the deal lead and senior investment professional sponsor prepare a comprehensive Investment Committee memorandum, which includes a formal written summary of the opportunity including all diligence to date as well as known risks of the transaction.

Obtain Final Approval

Following the preparation and distribution of an Investment Committee memorandum, a meeting of the Investment Committee is scheduled. During this final Investment Committee approval meeting, a thorough discussion of the opportunity including review of the memorandum is conducted and the merits and appropriateness of the potential transaction is discussed. Particular focus is placed on discussion of downside and alternative potential outcomes of an underwritten transaction. Following the completion of discussions, a vote of the Investment Committee members (excluding, if applicable, the deal sponsor) is taken and a decision whether to continue pursuit and grant approval for execution of the transaction is made. This approval may contain certain conditions or required modifications to the transaction as required by the Investment Committee.

Execution

Once receiving final approval of a transaction by the Investment Committee, the deal lead completes any final diligence and documentation with regard to the transaction and schedules a closing.

Asset Management

Oversight of the Company's portfolio of assets is the responsibility of one of the senior investment professionals with day-to-day oversight handled by the deal lead given the support of the Adviser's investment and administrative teams. Projections and goals for

each investment are developed into business plans on an asset-by-asset basis, which are then used as a roadmap for the day-to-day management of each asset's operation. Business plans are updated quarterly to reflect material changes to assumptions, and new business plans are developed annually. An investment professional physically inspects each equity investment quarterly, and more often as required. Any actions that would require a material deviation from the business plan or involve the financing or disposition of the asset are taken to the Investment Committee on an as needed basis.

Realization

Hayman Woods will seek to dispose of the Funds' assets on an opportunistic basis. Thorough, periodic reviews of each asset are conducted to determine the optimal point to monetize the investment. This process will typically include market value analysis produced in consultation with brokers, potential purchasers and third-party appraisers. Oversight of the disposition process is managed by the deal lead with the support of the investment and support team and consultation of the Investment Committee. Final disposal of an asset is subject to Investment Committee approval.

Investment Risks

Hayman Woods' primary investment strategy focuses on investment in private real estate and real estate-related assets. Certain substantial risks involved with the strategy followed by the Adviser are discussed below. All of these investments involve a risk of loss of invested capital, which investors should be prepared to bear. For a complete discussion of risks associated with investment in a particular Fund, Investors should consult the Fund's offering documents.

Risks of Investing in Real Estate and Real Estate-Related Assets. Investments in commercial and residential real estate and real estate-related assets are subject to various risks, including adverse changes in national or international economic conditions, local market conditions, availability or terms of debt financing, interest rates, environmental laws and regulations, zoning laws, and other governmental rules and fiscal policies, energy prices, the financial conditions of tenants, buyers, and sellers of properties, real estate tax rates and other operating expenses, the relative popularity of certain property types, and the availability of certain construction materials, as well as risks due to dependence on cash flow, acts of God, terrorism, uninsurable losses and other factors which are beyond the control of the Funds or Hayman Woods.

Investments through Partnerships and Joint Ventures. Hayman Woods may make investments in partnerships, joint ventures, operating companies, corporations, companies, or other entities. Such investments may involve risks not present in direct investments, including, for example, the possibility that an operating company, co-venturer or partner of a Fund may commit fraud, become bankrupt, or have economic or business interests or goals which are inconsistent with those of the Fund, or that any such operating company, co-venturer or partner may be in a position to take action contrary to the Fund's objectives. Furthermore, if a co-venturer or partner defaults on its funding obligations, it may be difficult for a Fund to make up the shortfall from other sources. The Fund may be required to make additional contributions to replace such

shortfall, thereby reducing the diversification of their investments. Any default by such co-venturer or partner could have an extremely deleterious effect on a Fund, its assets, and the interests of the Investors. In addition, a Fund may be liable for actions of its co-venturers or partners. While the Adviser will attempt to limit the liability of the Funds by reviewing the qualifications and previous experience of co-venturers or partners, it does not expect generally to obtain financial information from, or to undertake private investigations with respect to, prospective co-venturers or partners.

Lack of Liquidity of Investments. It is unlikely that there will be a public market for most of the investments held by the Funds. The Funds generally will not be able to sell their investments publicly unless their sale is registered under applicable federal and state securities laws, or unless an exemption from such registration requirements is available. In some cases the Funds may be prohibited by contract from selling investments for a period of time. In addition, the types of investments held by the Funds may be such that they require a substantial length of time to liquidate. In the event of a margin call or other loan repayment at a time in which a Fund does not have sufficient cash assets to cover such call or payment, the Fund may have to liquidate certain investments at less than their expected returns, thereby resulting in lower realized proceeds to the Fund.

Risk of Limited Number of Investments. The Funds generally participate in a limited number of investments. The aggregate return of a Fund may be substantially adversely affected by the unfavorable performance of even a single investment. In addition, the diversification of a Fund's investments could be further limited and proportionately more capital employed to the extent the Fund invests a significant portion of its capital in a single transaction or limited number of transactions.

Leverage. The Funds may incur or assume indebtedness, directly or indirectly, at any time to leverage their investments and, if appropriate, to refinance such investments. This leverage will increase the exposure of such investments to adverse economic factors such as significantly rising interest rates, severe economic downturns or deterioration in the condition of the investment or its corresponding market. In the event an investment is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of a Fund's equity investment in such investment could be significantly reduced or even eliminated.

The financial markets in the U.S. and elsewhere have experienced a variety of difficulties and changed economic conditions in recent years. These conditions could adversely impact the amount and terms of financing available to the Funds, which could affect the returns generated by the Funds and the ability to structure potential transactions.

Disciplinary Information

Hayman Woods and its employees have not been involved in any legal or disciplinary events that would be material to a client's evaluation of the Adviser.

Other Financial Industry Activities and Affiliations

Hayman Woods is affiliated with Hayman Capital Management, L.P. ("HCM"), which is registered with the SEC as an investment adviser. HCM provides investment management services to pooled investment vehicles and separate accounts that invest in a variety of securities and commodities. HCM does not invest in real estate on behalf of its clients.

The Adviser entered a revolving credit facility with HCM and HW GP for working capital. The credit facility is secured by all of the assets of the Adviser.

Depending on the nature of the investment, the Funds may engage Hayman Woods, an affiliate, or a third party to provide asset management, property management, and/or construction management services. Hayman Woods or its affiliate will be paid a fee by the applicable Fund(s) for such services, based either on the prevailing market rate or a specific fee schedule, as described in the Fund's offering documents.

Any such arrangements with Hayman Woods or an affiliate will be subject to review by the Adviser's General Counsel and Chief Compliance Officer, who will review and maintain documentation establishing the reasonableness of the compensation paid.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Neither the Adviser nor its employees are prohibited from buying or selling securities for their own accounts, and may take investment positions similar or contrary to those acquired for clients. Certain of Hayman Woods' employees may invest in the Funds. The Adviser waives the management fee and the performance allocation with respect to Fund investments held by employees.

Hayman Woods has adopted a written Code of Ethics that is applicable to all employees. Among other things, the code requires Hayman Woods and its employees to adhere to high ethical standards, act in clients' best interests, and abide by all applicable regulations. The Code of Ethics includes an Insider Trading Policy that is designed to prevent employees from misusing material non-public information, including information regarding the Funds' transactions. The Adviser's Code of Ethics also includes a Personal Trading Policy, which requires employees to pre-clear most personal securities transactions with the Chief Compliance Officer. Employees are prohibited from engaging in transactions in securities on Hayman Woods's restricted list or otherwise engaging in transactions that may harm clients. Any personal investment opportunities that may be appropriate for the Adviser's clients must be presented to Hayman Woods for consideration of client investment prior to an employee making an investment. Restrictions on personal trading apply to employees, as well as employees' family members living in the same household. A copy of Hayman Woods' Code of Ethics is available upon request.

Brokerage Practices

Hayman Woods does not utilize broker-dealers to execute client transactions.

Review of Accounts

Oversight of each completed investment at the portfolio level is provided by the Senior Managing Director responsible for asset management, and day-to-day oversight is led by the deal lead with support by Hayman Woods' investment and administrative teams. Projections and goals for each investment are developed into business plans on an asset-by-asset basis, which are then used as a roadmap for the day-to-day management of each asset's operation. Business plans are updated quarterly to reflect material changes to assumptions, and new business plans are developed annually. An investment professional will physically inspect each equity investment at least twice per year, and more often during times of development or other critical times as required. The investment team meets at least quarterly to discuss each of the Funds' assets, during which meeting the deal lead provides a brief summary regarding the prior weeks' activities and highlights any short-term decisions or material expenditures that are required. Any actions that would require a material deviation from the business plan or involve the financing or disposition of the asset are taken to the Investment Committee on an as needed basis. Once each quarter, the Senior Managing Director, Risk Mitigation and Asset Management, the finance team and the deal lead meet to discuss each asset and prepare a summary of each asset's performance to the applicable Fund's investors.

Investors in the Funds receive capital account statements on a quarterly basis. Investors also receive audited financial statements and K-1s annually.

Client Referrals and Other Compensation

Hayman Woods does not currently compensate any persons or entities for referral of clients or investors, although it may consider such arrangements in the future.

Hayman Woods does not receive economic benefits from non-clients in connection with the provision of investment advice to clients.

Custody

All of the Funds' accounts are held in the custody of unaffiliated banks. Hayman Woods is generally deemed to have custody over the cash and securities held by the Funds due to its affiliation with the general partners of each Fund, which gives the adviser access to these assets. Hayman Woods employs robust internal controls to protect Fund assets held in these accounts, including regular reconciliations of all accounts. All investors in the Funds receive audited financial statements annually.

Investment Discretion

Hayman Woods has investment discretion over all clients' accounts. The Adviser does not accept limitations on this authority.

Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, Hayman Woods has adopted and implemented written policies and procedures governing the voting of client securities. Due to the nature of its investment activities, Hayman Woods anticipates that few, if any, proxy votes will be required. In the event that a vote does arise with respect to client securities, it will be handled in accordance with these policies and procedures.

The Adviser's proxy voting policies and procedures are designed to vote proxies in the best interests of clients. This proxy voting policy, together with information regarding how the Adviser has voted past proxies, is available to investors upon written request.

Hayman Woods considers the reputation, experience, and competence of a company's management and board of directors when it evaluates a prospective investment. In general, Hayman Woods votes in favor of routine corporate matters, such as the re-approval of an auditor or a change of a legal entity's name. Hayman Woods also generally votes in favor of compensation practices and other measures that are in-line with industry norms, that allow companies to attract and retain key employees and directors, that reward long-term performance, and that align the interests of management and shareholders.

The Chief Compliance Officer is responsible for oversight of the proxy voting process. In the absence of a conflict of interest, the Chief Compliance Officer consults with the Deal Team Lead in deciding how to vote a proxy. If a conflict arises with respect to a security held by a Fund, the Chief Compliance Officer will consult with the Hayman Woods General Counsel, as well as outside counsel or consultants as necessary, in deciding how to vote the proxy. Depending on the circumstances, such a conflict may also be discussed with the affected Fund's advisory committee or board of managers.

Financial Information

Hayman Woods has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

HAYMAN WOODS

Form ADV Part 2 Brochure Supplement

2101 Cedar Springs Road
Suite 1400
Dallas, Texas 75201

Updated: March 2012

This brochure supplement provides information about Jonas Woods, John Helton, Adam Krug, James Woods, William Prewitt, and Kyle Bass. It supplements Hayman Woods' accompanying Form ADV brochure. Please contact Hayman Woods' Chief Compliance Officer, Joel Sauer, at 214-302-0051 if you have any questions about the Form ADV brochure or this supplement, or if you would like to request additional or updated copies of either document.

Additional information about the above-referenced individuals is available on the SEC's website at www.adviserinfo.sec.gov.

Jonas Woods

CEO and Managing Member

Educational Background and Business Experience

Mr. Woods was born in 1970. Mr. Woods is a member of HWRSF and APTCO's Investment Committees. Mr. Woods is responsible for the development and execution of investment strategies. Prior to forming the Adviser, Mr. Woods was President of Hillwood Capital, a Perot Company, where he was focused on both direct and third-party joint venture investment opportunities. Mr. Woods joined Hillwood in 1994; three years later, at the age of 26, he became Hillwood's youngest principal and, in a 13-year career at Hillwood, held multiple executive positions, including Vice President Finance, Executive Vice President, Chief Operating Officer and President. From 1999 through 2007, Mr. Woods led Hillwood's opportunistic investment group. During his tenure at Hillwood, Mr. Woods was responsible for underwriting, structuring and managing over \$2 billion in real estate transactions in multiple markets, including Texas, California, Florida, Wyoming, Hawaii and Costa Rica. He also led the seed equity investment into Hawkeye Partners, a real estate private equity firm focused on identifying and investing with emerging investment managers on behalf of leading institutional investors. Mr. Woods was a principal in the acquisition and management of the Dallas Mavericks and led the team's disposition to Mark Cuban. He also led the financing strategy for the construction of the American Airlines Center, the arena for the Dallas Mavericks and Dallas Stars. Before Hillwood, Mr. Woods was an analyst in the Media and Communications Group at NationsBank (now Bank of America). While there, he assisted in underwriting and syndicating debt commitments in excess of \$3 billion.

Mr. Woods graduated from Southern Methodist University with a Bachelor of Business Administration degree in Finance.

Disciplinary Information

Mr. Woods has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Woods or Hayman Woods.

Other Business Activities

As discussed above, Hayman Woods or an affiliate may be engaged to provide asset management services with respect to one or more investments purchased by the Funds. Any such arrangements would be subject to oversight by the Adviser's General Counsel and Chief Compliance Officer. Mr. Woods is not otherwise engaged in any investment-related business.

Additional Compensation

Other than the arrangement described in the preceding paragraph, Mr. Woods does not receive economic benefits from any person or entity other than Hayman Woods in connection with the provision of investment advice to clients.

Supervision

Mr. Woods' investment-related activity is supervised by the Funds Investment Committees. Mr. Woods' activities are also overseen by the General Counsel, Christopher Kirkpatrick and the Chief Compliance Officer, Joel Sauer. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

John Helton

Senior Managing Director

Educational Background and Business Experience

Mr. Helton was born in 1972. Mr. Helton is a member of APTCO's Investment Committee. Mr. Helton is responsible for general operations of the Adviser, oversight of the underwriting, structuring and negotiating of potential transactions and the asset management of existing investments, each with a focus on quantifying and mitigating risk. Previously, Mr. Helton was President of Hillwood Investments, where he was responsible for deal origination, structuring and negotiation, as well as portfolio risk management. During Mr. Helton's tenure at Hillwood Investments, he participated in both the acquisition and disposition of real estate assets of various property types, including residential, hotel, office and industrial. His responsibilities also included management of a \$215 million separate account. Prior to Hillwood Investments, Mr. Helton was a member of the Real Estate, Gaming and Lodging group within the Investment Banking division of Bear Stearns. While at Bear Stearns, he represented both public and private real estate companies in mergers, acquisitions and securities offerings.

Mr. Helton graduated Phi Beta Kappa and Magna Cum Laude from Duke University with a Bachelor of Arts degree in Economics. Mr. Helton also received a Master of Business Administration degree with high honors from the University of Chicago Graduate School of Business.

Disciplinary Information

Mr. Helton has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Helton or Hayman Woods.

Other Business Activities

As discussed above, Hayman Woods or an affiliate may be engaged to provide asset management services with respect to one or more investments purchased by the Funds. Any such arrangements would be subject to oversight by the Adviser's General Counsel and Chief Compliance Officer. Mr. Helton is not otherwise engaged in any investment-related business.

Additional Compensation

Other than the arrangement described in the preceding paragraph, Mr. Helton does not receive economic benefits from any person or entity other than Hayman Woods in connection with the provision of investment advice to clients.

Supervision

Mr. Helton's investment-related activity is supervised by the Funds' Investment Committees. Mr. Helton's activities are also overseen by the General Counsel, Christopher Kirkpatrick and the Chief Compliance Officer, Joel Sauer. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

Adam Krug

Senior Managing Director

Educational Background and Business Experience

Mr. Krug was born in 1977. Mr. Krug is responsible for the execution of investment strategies, including sourcing, underwriting, negotiating, closing and managing investments. Previously, Mr. Krug founded Krug Interests, LLC, a real estate investment advisory firm providing transaction diligence, analysis and structuring services to private equity and hedge fund clients. Prior to starting his own firm, Mr. Krug was a founding partner of Scala Real Estate Partners, a residential focused investment and development firm, where he was responsible for the underwriting, structuring and execution of the firm's investments. Before co-founding Scala, Mr. Krug was Vice President of Investments for Hillwood Capital, where he was responsible for the underwriting, structuring and execution of Hillwood's investment partnerships with numerous local developers and operators in residential, golf, retail and mixed-use real estate. In this capacity he managed more than 20 acquisition, financing, development and disposition transactions in California, Texas, Hawaii, Florida and Costa Rica. Before joining Hillwood, Mr. Krug worked as an analyst for Donaldson, Lufkin & Jenrette (now Credit Suisse). While at Donaldson, Lufkin & Jenrette, he was involved in numerous private and public financing and mergers and acquisitions transactions in the telecom, software and IT services industries.

Mr. Krug graduated with honors from the University of Texas, Austin with a Bachelor of Business Administration and Bachelor of Arts degree. Mr. Krug also received a Master of Business Administration from the Wharton School of Business at the University of Pennsylvania.

Disciplinary Information

Mr. Krug has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Krug or Hayman Woods.

Other Business Activities

As discussed above, Hayman Woods or an affiliate may be engaged to provide asset management services with respect to one or more investments purchased by the Funds. Any such arrangements would be subject to oversight by the Adviser's General Counsel and Chief Compliance Officer. Mr. Krug is not otherwise engaged in any investment-related business.

Additional Compensation

Other than the arrangement described in the preceding paragraph, Mr. Krug does not receive economic benefits from any person or entity other than Hayman Woods in connection with the provision of investment advice to clients.

Supervision

Mr. Krug's investment-related activity is supervised by the Funds' Investment Committees. Mr. Krug's activities are also overseen by the General Counsel, Christopher Kirkpatrick and the Chief Compliance Officer, Joel Sauer. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

James Woods

Senior Managing Director

Educational Background and Business Experience

Mr. Woods was born in 1976. Mr. Woods is responsible for the execution of investment strategies, including underwriting, structuring and negotiating potential transactions. Previously, Mr. Woods was the founder and managing partner of Keen Partners, L.P., an investment and development advisor to owners of hospitality assets. Before founding Keen Partners, Mr. Woods was Vice President of the Real Estate Group at Starwood Hotels & Resorts Worldwide, Inc., where he was personally responsible for the conception, development and execution of the Aloft and Element brands as well as their positioning and rollout in North America and across Starwood's international divisions. Previously, Mr. Woods was responsible for developing new W Hotels, a position he held following the creation of the W Development Group in September 2002. His duties included sourcing and structuring new properties domestically and abroad with a focus on complex mixed-use projects. Prior to joining Starwood, Mr. Woods worked at Wall Street firms, including Donaldson, Lufkin & Jenrette (now Credit Suisse) and Goldman Sachs. While at Donaldson, Lufkin & Jenrette, he was a member of the acquisitions team for DLJ Real Estate Capital Partners II, a \$1.2 billion global private equity fund.

Mr. Woods graduated from the Stern School of Business at New York University, where he was a Dean's Scholar, earning a Bachelor of Arts degree in Finance and International Business.

Disciplinary Information

Mr. Woods has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Woods or Hayman Woods.

Other Business Activities

As discussed above, Hayman Woods or an affiliate may be engaged to provide asset management services with respect to one or more investments purchased by the Funds. Any such arrangements would be subject to oversight by the Adviser's General Counsel and Chief Compliance Officer. Mr. Woods is not otherwise engaged in any investment-related business.

Additional Compensation

Other than the arrangement described in the preceding paragraph, Mr. Woods does not receive economic benefits from any person or entity other than Hayman Woods in connection with the provision of investment advice to clients.

Supervision

Mr. Woods' investment-related activity is supervised by the Funds' Investment Committees. Mr. Woods' activities are also overseen by the General Counsel, Christopher Kirkpatrick and the Chief Compliance Officer, Joel Sauer. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

William Prewitt

Vice President

Educational Background and Business Experience

Mr. Prewitt was born in 1981. Mr. Prewitt is responsible for the execution of investment strategies, including sourcing, underwriting, negotiating, closing and managing investments. Previously, Mr. Prewitt was an Associate with Hillwood Investments, where he assisted in managing a \$215 million separate account and the placement of \$1.2 billion worth of real estate investments across multiple product types. Prior to joining Hillwood, Mr. Prewitt spent three years as an analyst in the energy and natural resources investment banking division of Bear Stearns. While at Bear Stearns, Mr. Prewitt completed 39 transactions totaling \$14.7 billion.

Mr. Prewitt graduated Magna Cum Laude from Texas Christian University in Fort Worth, Texas with a Bachelor of Arts degree in Economics and a Bachelor of Business Administration in Finance.

Disciplinary Information

Mr. Prewitt has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Prewitt or Hayman Woods.

Other Business Activities

As discussed above, Hayman Woods or an affiliate may be engaged to provide asset management services with respect to one or more investments purchased by the Funds. Any such arrangements would be subject to oversight by the Adviser's General Counsel and Chief Compliance Officer. Mr. Prewitt is not otherwise engaged in any investment-related business.

Additional Compensation

Other than the arrangement described in the preceding paragraph, Mr. Prewitt does not receive economic benefits from any person or entity other than Hayman Woods in connection with the provision of investment advice to clients.

Supervision

Mr. Prewitt's investment-related activity is supervised by the Funds' Investment Committees. Mr. Prewitt's activities are also overseen by the General Counsel, Christopher Kirkpatrick and the Chief Compliance Officer, Joel Sauer. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.

Kyle Bass

Co-Founder and Investment Committee Member

Educational Background and Business Experience

Mr. Bass was born in 1969. Mr. Bass serves on the HWRSF and APTCO Investment Committees, but is not involved in the day-to-day operations of the Adviser. Mr. Bass founded Hayman Capital Management, L.P. in December 2005. In April 2001, Mr. Bass formed the first institutional equity office in Texas for Legg Mason, Inc. where he was the Managing Director in charge of advising special situation accounts on investments. While overseeing all of Legg Mason's institutional equity business in Texas, Mr. Bass covered key special situation accounts for the firm in New York, Connecticut, and Texas. Prior to joining Legg Mason, Mr. Bass was employed from August 1994 to April 2001 at Bear Stearns & Co. Inc. where he became one of the youngest senior managing directors in the firm's history at the age of 28. While at Bear Stearns, he primarily advised event-driven hedge funds on investment strategy. He began his career in September 1992 at Prudential Securities where he was a top producer in his nationwide training group as a retail securities broker, where he remained until August 1994.

Mr. Bass graduated with honors with a B.S. in Finance and Real Estate Finance from Texas Christian University in May 1992.

Disciplinary Information

Mr. Bass has not been involved in any legal or disciplinary events that would be material to a client's evaluation of Mr. Bass or Hayman Woods.

Other Business Activities

Mr. Bass is the owner and portfolio manager for Hayman Capital Management, L.P., an SEC-registered investment adviser to private funds.

Mr. Bass serves on the Board of Directors of the University of Texas Management Company (UTIMCO). He is a Member of the Board of Directors of the Texas Ranger Association Foundation. He is also a Founding Member of the Advisory Board for Serengeti Asset Management. Mr. Bass is not compensated for serving in these positions, but may receive reimbursement for reasonable travel expenses to attend meetings.

Additional Compensation

Mr. Bass does not receive economic benefits from any person or entity other than Hayman Woods in connection with the provision of investment advice to clients.

Supervision

Mr. Bass's investment-related activity is supervised by Hayman Woods' Investment Committee. Mr. Bass's activities are also overseen by the General Counsel, Christopher Kirkpatrick and the Chief Compliance Officer, Joel Sauer. Any of these individuals can be reached directly by calling the telephone number on the cover of this brochure supplement.