



E2M PARTNERS, LLC

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*Form ADV Part 2A
Brochure*

This brochure provides information about the qualifications and business practices of E2M Partners, LLC (“E2M”). If you have any questions about the contents of this brochure, please contact us at (214) 443-1900. 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 E2M is also available on the SEC’s website at www.adviserinfo.sec.gov.

E2M is in the process of registering as an “investment adviser” under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration under the Advisers Act does not imply a certain level of skill or training.

This date of this brochure is February 13, 2012.

Summary of Material Changes

This document is the initial brochure prepared by E2M to comply with Part 2A of Form ADV. Accordingly, there are no material changes to be described since the date of an earlier version of this brochure.

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Advisory Business

Advisory Firm

E2M provides investment advisory and investment management services, either directly or through certain entities controlled by it, to certain private equity funds and other clients. E2M was founded in 2004 to continue or act as the successor to the real estate investment advisory businesses previously conducted by Eiger, Inc. (“Eiger”) and 2M Real Estate Partners, L.P. (“2M Partners”). The business of Eiger commenced in 1999 in connection with the formation of Eiger Fund I, L.P. (“Eiger Fund”), which is a private equity fund formed to invest primarily in real estate assets, real estate companies and real estate debt and equity securities. 2M Partners began actively investing in real estate assets, companies and securities in 1993. The Eiger Fund and 2M Partners invested on a side-by-side basis in a number of real estate opportunities.

E2M’s clients consist of private equity funds (the “Funds”), certain investment vehicles formed to hold specified real estate investments formerly held by the Eiger Fund (“Single Investment Clients”), as well as certain institutional investors affiliated with Sammons Enterprises, Inc. (“Institutional Investors”).

Each of the Funds is a private equity fund focused on investing in real estate assets and real estate debt and equity securities through private, negotiated transactions. At present, the Funds consist of the following clients:

- the Eiger Fund;
- E2M Value Added Fund, LP and E2M Value Added Fund (Tax Exempt), LP (collectively, “Fund I”), established in 2004;
- E2M Fund II HoldCo, LP (“Fund II”), established in 2008; and
- E2M Strategic Fund (Fund A), LP, E2M Strategic Fund (Fund B), LP and E2M Strategic Fund (Fund C), LP (collectively, “Fund III”), established in 2011.

The Single Investment Clients and Institutional Investors have engaged E2M Partners to assist them in making and managing certain investments in real estate assets and securities. In addition, E2M may in the future provide investment advisory or investment management services to other persons or entities in connection with the business of the Funds (together with the Funds, the Single Investment Clients and the Institutional Investors, “clients”).

The business of the Funds is conducted by, or under the direction of, entities controlled by or under common control with E2M that serve as the general partners of the Funds (the “General Partners”). In addition, E2M provides investment advice and advisory services to each of its clients pursuant to an investment advisory agreement (each, an “Advisory Agreement”).

E2M is a direct wholly-owned subsidiary of E2M Holdings, LLC. E2M Holdings, LLC is beneficially owned by certain members of the senior management team of E2M and Compatriot Capital, Inc., an affiliate of Sammons Enterprises, Inc. Compatriot Capital, Inc. is the only person that owns, directly or indirectly, 25% or more of the equity interests in E2M Holdings, LLC.

Types of Advisory Services

The Funds. E2M provides investment advisory and investment management services to the Funds, as well as any related investment vehicles, including any feeder funds, parallel funds or alternative investment vehicles that may be established to facilitate the investment activities of the Funds. The investment focus of the Funds is to seek to achieve equity returns by making investments (“Investments”) in real estate assets and real estate debt and equity securities, through private, negotiated transactions. Investments have been and may be made in the securities of companies (“Portfolio Companies”) whose business activities are consistent with the investment focus of the applicable Fund. The Funds generally invest in non-publicly traded securities. However, a Fund may invest or may have invested in publicly traded equity or debt securities, subject to certain limitations.

In its capacity as investment adviser to the Funds, E2M provides investment advice and makes recommendations to the General Partners to assist them in carrying out the investment activities of the Funds. In particular, E2M provides advice and makes recommendations to the General Partners relating to each of the following:

- identifying, originating, analyzing and investigating investment opportunities;
- structuring, implementing and carrying out Investments;
- identifying and arranging sources of financing for Investments;
- analyzing and investigating opportunities to sell, liquidate or otherwise dispose of Investments; and
- structuring, implementing and carrying out sales, liquidations or other dispositions of Investments.

E2M also performs investment management services on behalf of the Funds. These services including the following:

- obtaining information relating to Investments;
- overseeing the business activities of each Portfolio Company or Investment;
- evaluating requests from Portfolio Companies that the Funds vote or grant their consent in favor of any matter in connection with the business of such Portfolio Company;
- presenting information with respect to Investments to the General Partners; and
- performing other customary investment management services requested by the General Partners.

Single Investment Clients and Institutional Investors. E2M also provides investment advisory and investment management services to the Single Investment Clients and Institutional Investors relating to investments in real estate assets and real estate debt and equity securities. However, at present, E2M is not engaged to seek new investments on behalf of the Single Investment Clients or Institutional Investors and, accordingly, E2M's advisory services primarily focus on the following:

- overseeing existing real estate investments;
- analyzing and investigating opportunities to sell or otherwise dispose of real estate investments; and
- structuring, implementing and carrying out sales or other dispositions of real estate investments.

Tailoring of Advisory Services

E2M generally tailors its investment advisory and investment management services to the individual needs of a specific client. For example, recommendations made by E2M as to the making, holding or disposition of an Investment are generally made only to one client. Specific Investments are typically not shared among more than one client, except in limited circumstances. Similarly, investment management services provided by E2M typically relate only to specific Investments and, accordingly, are for the benefit of only one client.

The Partnership Agreement of a Fund gives the General Partner of the Fund, an entity controlled by E2M, full authority to make, hold and dispose of Investments on behalf of the Fund, subject only to terms of the partnership agreement of each Fund (each, a "Partnership Agreement"). The Partnership Agreements impose certain investment limitations on the Funds, including limitations relating to the timing of investments, portfolio diversification and other matters. Please see "Investment Discretion" below for a summary of the limitations applicable to Fund III, which is the only Fund engaged in making new Investments. In certain cases, these restrictions may be modified or waived with the approval of the investors in the Fund. The investors in a Fund do not have the right, however, to approve or impose additional restrictions on investments made by the Fund.

Investments held by the Institutional Investors are made following the approval of such investments by the Institutional Investors. Therefore, the Institutional Investors may impose their own restrictions on investing in certain types of real estate assets and securities.

Wrap Fee Programs

E2M does not participate in wrap fee programs or offer such programs to its clients.

Assets under Management

As of December 31, 2011, E2M managed a total of approximately \$503.5 million in client assets on a discretionary basis (including capital committed to Fund III by investors but not yet funded) and approximately \$32.5 million in client assets on a non-discretionary basis.

Fees and Compensation

Management Fee

Fund I and Fund III compensate E2M for its investment advisory and investment management services through the payment of a management or similar fee (“Management Fee”). At present, E2M’s other clients, most of which are no longer seeking to make new investments, do not pay a Management Fee to E2M.

The Management Fee payable to E2M is not refundable. However, each of the Advisory Agreements relating to clients who pay a Management Fee provide that any termination by E2M of such Advisory Agreement will be effective only as of the last day of the most current quarterly period for which E2M has received payment of a Management Fee. Accordingly, E2M does not have the right to terminate the Advisory Agreement and retain the Management Fee for a period during which it is not obligated to provide investment advisory and investment management services.

In most cases, the Management Fee paid in respect of a Fund is paid by the Fund itself using capital contributions made by investors or other available funds. However, the Management Fee may in some cases be paid through direct payments by the investors in the Fund to E2M. To the extent the Management Fee is paid by a Fund, the General Partner of the Fund has the authority to deduct such fees from the assets of the Fund.

E2M receives a Management Fee from Fund I and Fund III on a quarterly basis, in advance, in respect of each investor in the applicable Fund. The amount and calculation of the Management Fee for each such Fund is set forth in the Partnership Agreement of such Fund. The amount of the Management Fee payable to E2M by each Fund is not negotiable. Such amount is set by E2M and the General Partner of the applicable Fund in the Partnership Agreement for such Fund.

The Partnership Agreement for Fund I provides that the Management Fee payable to E2M will be reduced by any investment banking, financial advisory, consulting, management, monitoring, director’s or other fees or compensation received by the General Partner or its affiliates from a third party in connection with the performance of services relating to the Fund’s Investments (“Transaction Fees”).

The Partnership Agreement for Fund III provides that the Management Fee payable to E2M will be reduced by:

- all Organizational Expenses (as defined below) paid by the Fund in excess of a pre-established amount set forth in the Partnership Agreement;
- all placement or other fees paid by the Fund to any placement agent in connection with the offering of interests in the Fund; and
- all Transaction Fees, but excluding any Coinvestment Compensation (as defined below).

Expenses

The Funds. Certain expenses incurred by E2M or its affiliates in connection with the business of the Funds are paid by the Funds, as more fully described below.

Organizational Expenses. In general, each Fund is responsible for paying all legal, accounting, consulting and other professional fees and expenses and all other out-of-pocket costs and expenses (including travel expenses) actually incurred in connection with the formation or organization of the Fund (the “Organizational Expenses”) subject to pre-established limits set forth in the Partnership Agreements of such Funds.

Other Expenses. Each Fund is responsible for paying all other costs, expenses and charges, other than General and Administrative Expenses (as defined below) of the General Partner, related to the Fund and its investments and assets, generally including each of the following:

- fees and expenses of accountants, attorneys, consultants, custodians, engineers, brokers, financial advisors, investment advisers and other professional advisors, and out-of-pocket costs and expenses, incurred in connection with acquiring, holding, managing or selling or otherwise exiting from any Investments;
- expenses incurred in connection with meetings of the investors in the Fund;
- fees and expenses relating to audits and to the preparation of financial statements, tax returns and other regulatory reports of the Fund;
- expenses incurred in connection with litigation, arbitration and other proceedings;
- insurance and indemnification expenses;
- taxes, fees or other governmental charges levied against the Fund;
- fees and expenses incurred in connection with the collection of amounts due to the Fund;
- principal, interest, and fees and expenses relating to indebtedness of the Fund; and
- fees and expenses incurred in connection with the dissolution and liquidation of the Fund.

In addition, Funds I and III are also responsible for reasonable out-of-pocket expenses incurred by members of the Advisory Board of the applicable Fund (the “Advisory Board”) in performing their duties.

None of the Funds is responsible for the payment of the day-to-day overhead expenses incurred by E2M or the General Partner of the Fund in managing the Fund, including each of the following (“General and Administrative Expenses”):

- costs and expenses for the compensation of officers and employees;

- rental and other occupancy costs for office space;
- internal accounting fees and expenses; and
- costs and expenses for routine and ordinary travel (except to the extent incurred in connection with acquiring, holding, managing or selling or otherwise exiting from any Investments).

Single Investment Clients. E2M is entitled to receive reimbursement from each of the Single Investment Clients for its reasonable out-of-pocket costs and expenses incurred in connection with the operation or management of such client.

Institutional Investors. E2M is entitled to receive reimbursement from the Institutional Investors for all direct expenses relating to the provision of the investment advisory services.

For information regarding brokerage expenses that may be incurred by clients, see “Brokerage Practices” below.

Other Compensation

Incentive Distributions and Other Compensation. In addition to the Management Fee, the General Partner of each Fund has a right to receive certain “carried interest” or incentive distributions (the “Incentive Distributions”) based on the amount of profits distributed by the Fund to its investors. E2M also receives Incentive Distributions with respect to the Single Investment Clients and certain Institutional Investors based on the amount of profit distributed by such client to its investors. Additional information regarding these Incentive Distributions is provided under “Performance-Based Fees and Side-by-Side Management” below.

In addition, the General Partner and its affiliates may generally receive Transaction Fees from a third party in respect of an Investment; however, as described above, Transaction Fees will reduce the Management Fee payable to E2M by Fund III. In addition, Transaction Fees received in respect of Investments made by the Eiger Fund may be retained by E2M only under limited circumstances described in the Partnership Agreement for the Eiger Fund.

In addition, in connection with new Investments made by Fund III, the Partnership Agreement of Fund III provides that the General Partner or one of its affiliates may, in its sole discretion, provide the investors in Fund III and/or other third parties with the opportunity to, directly or indirectly, coinvest with the Fund in an Investment. E2M or its affiliates may receive from one or more of the coinvestors in such Investment an asset management fee, Incentive Distributions or other fees or compensation (collectively, “Coinvestment Compensation”).

The Advisory Agreements in respect of the Single Investment Clients and Institutional Investors place no limitation on the ability of E2M or its affiliates to receive or retain fees or other compensation for services related to investments made or managed on behalf of the Institutional Investors.

Conflicts of Interest. To the extent that any Transaction Fees or other fees are to be received by E2M or its affiliates for services in connection with any transaction to which a client is a party, a conflict of interest arises in that E2M may have an incentive to cause such services to be provided by E2M or its affiliates in order to generate additional fees, rather than based on the benefits of the applicable transaction to the client and its investors. The conflict of interest arising with respect to Transaction Fees is mitigated in the case of Funds I and III by provisions of the Partnership Agreements of such Funds that require Transaction Fees to be applied to reduce the Management Fee payable to E2M.

In addition, the fact that the General Partners of the Funds may receive Coinvestment Compensation from coinvestors with respect to investments made by such coinvestors presents a conflict of interest with respect to the allocation of investment opportunities between the Fund and the coinvestors. To minimize potential conflicts of interest relating to Coinvestment Compensation between E2M and Fund III, E2M will use its best judgment, consistent with its duties as an investment adviser, to ensure an equitable allocation of the investment opportunities.

In addition, each of the Partnership Agreements provide that agreements between the applicable Fund and E2M or one of its affiliates may not result in expenditures or concessions by the Fund in excess of the amount or terms that would be paid or agreed to by the Fund in an arm's length agreement with an unrelated party in the same business as the applicable E2M affiliate and in the same geographic area as the Fund.

Performance-Based Fees and Side-By-Side Management

The Funds

Under the Partnership Agreement of each Fund, the General Partner of the Fund is entitled to receive Incentive Distributions equal to a share of the profits realized by the Fund from its investment activities as and when distributed by the Fund to its investors. The payment of Incentive Distributions constitutes a performance-based fee. The General Partner of each Fund is an affiliate of E2M.

The amount of the Incentive Distributions payable to the General Partner of a Fund is generally not negotiable. Such amount is set by the General Partner of each Fund in the Partnership Agreement based upon market conditions and discussions with prospective investors in the Fund. E2M has not agreed to reduce the amount of the Incentive Distributions chargeable to specific investors in connection with any of the Funds.

Single Investment Clients and Institutional Investors

Under the limited liability company agreement of each of the Single Investment Clients and one of the Institutional Investors, E2M or an affiliate is entitled to receive Incentive Distributions equal to a share of the profits realized by such client from its investment activities as and when distributed by such client to its investors. The amount of these Incentive Distributions is set forth in the limited liability company agreement of the applicable client and is generally not negotiable.

Conflicts of Interest

As described above, Incentive Distributions represent the right to receive a share of profits realized by a Fund or other client vehicle from its investment activities as and when distributed by the Fund or vehicle to its investors. The fact that E2M or its affiliates are entitled to these Incentive Distributions may create an incentive for E2M to cause the Fund or other client vehicle to make investments that are riskier or more speculative than would otherwise be the case.

The fact that E2M receives Incentive Distributions from some but not all of its clients may create an incentive for E2M to favor the clients who are obligated to pay performance-based fees to E2M or its affiliates, over the clients who do not pay such fees. However, this risk is substantially mitigated by the fact that E2M is not currently engaged to seek new investments for any of its clients other than Fund III. As a result, the allocation of investment opportunities between the clients who pay Incentive Distributions and clients who do not does not currently present any material conflicts of interest.

Types of Clients

At present, the only clients of E2M are the Funds, the Single Investment Clients and the Institutional Investors. Each Fund is a pooled investment vehicle in the form of one or more limited partnerships whose investors consist primarily of corporations, insurance companies, trusts, university endowments, other institutional investors and high-net worth individuals. The Single Investment Clients are investment vehicles formed to hold specified real estate investments formerly held by the Eiger Fund. The Institutional Investors are institutional investors affiliated with Sammons Enterprises, Inc.

E2M has not established any minimum account size for the Funds, the Single Investment Clients or the Institutional Investors. In the case of each Fund, the General Partner of the Fund established a minimum level for the commitments to be made by investors. For example, in the case of Fund III, the minimum capital commitment for investors was \$5.0 million, although the General Partner reserved the right in its discretion to accept capital commitments of a lesser amount.

Methods of Analysis, Investment Strategies and Risk of Loss

The Funds, the Single Investment Clients and the Institutional Investors seek to achieve equity returns by making investments in real estate assets and real estate debt and equity securities, through private, negotiated transactions. ***There can be no assurance that the investment objectives of E2M's clients will be realized or that their investments will result in a return of capital or profits.***

Fund III is currently the only client of E2M who has engaged E2M to seek new investments on its behalf. In particular, Fund III will invest in real estate assets and real estate-related debt, with a special emphasis on real estate assets and real estate-related debt that can generate significant current cash flow or can be acquired at a discount to replacement cost. However, Fund III may also consider investments in which the primary goal is capital appreciation or future cash flow.

Methods of Analysis and Investment Strategies

The methods of analysis and investment strategies that E2M employs for the benefit of its clients who have engaged E2M to seek new investments on their behalf include the following:

Develop a thorough understanding of the potential investment and related real estate market. E2M's assessment of a potential investment addresses financial analysis, design, cost, competition, access and location. E2M's assessment typically also includes a review of relevant industry, market and operating data, financial statements, off-balance sheet and contingent liabilities, and environmental, political and regulatory risks. Where appropriate, E2M may engage third-party consultants, industry experts or other advisors to assist with the due diligence process. E2M will only pursue the investment if the real estate offers a significant opportunity for attractive returns. E2M also assesses what could go wrong with the investment and examines the implications of these scenarios.

Seek to invest in "no bid" opportunities. The collective tenure and reputation in the real estate industry of E2M's management team have produced a network of relationships that assist in generating opportunities. This network, combined with the "operating" reputation of the team, often gives the team early access to investment opportunities, which helps produce "no bid" opportunities that may not be available to less experienced teams.

Only undertake an investment if E2M believes it possesses the skills to step in to operate the investment should significant problems develop. Collectively, the members of E2M's management team have operated in most major geographic markets in the United States and have experience with virtually every class of real estate – office, tech-office, retail, industrial, multi-family, senior housing, residential community development, student housing, resort, and hospitality. This expertise mitigates risk while at the same time provides an opportunity to capture favorable returns on what others might view as "distressed" properties.

Use a team approach to investing. The relationships among the members of E2M's management team, in most cases, span decades, resulting in a cohesive, functional, and effective team. Each potential Investment is evaluated collectively by the team. The ability of the Funds to produce successful outcomes at the investment level will be driven by the combined strengths of the investment team.

Invest in sound real estate projects with significant current cash flow. E2M will pursue real estate situations where the underlying real estate is sound, but the capital structure must be quickly replaced or re-structured, usually because the property is over-leveraged, or because the owner is unwilling or unable to continue to hold the property until the underlying fundamentals improve.

Acquire real estate debt from lenders at significant discounts. E2M will also pursue opportunities to acquire real estate-related debt from financial institutions at discounts to the replacement cost of the underlying properties.

Invest in properties taken over by lenders. The current dislocations in the real estate capital markets will continue to result in many lenders taking over troubled real estate properties. As the pressure builds for lenders to resolve damaged balance sheets, it is expected that some lenders will be forced to dispose of their "Real Estate Owned" assets at significant discounts and transfer these assets to better-capitalized investors with more patient capital.

Invest in assets and markets where economic fundamentals are driven by demographic forces. E2M will seek investments that target the aging of the "Baby Boomer" generation such as resorts, recreational real estate assisted living facilities and hotels. E2M will also seek investments that target the "Echo Baby Boomer" generation, such as student housing. E2M will also seek to invest in markets experiencing substantial population growth and job formation.

Invest in situations where E2M has the ability to resolve operational issues. E2M will pursue real estate situations where it determines that the underlying real estate is sound, but the operational plan is problematic. Skilled in implementing appropriate corrective actions, the management team will seek to define the actions needed and implement changes required to solve problems. Depending upon the issues, E2M may, for example, reposition, rebrand or re-tenant the asset. In managing the necessary corrections, E2M may work with existing operators, assemble its own operating team from its network of relationships or depend on the expertise of one or more of the members of the management team.

Invest where E2M can capture proprietary market advantage. E2M will also focus on urban infill real estate assets and properties in challenging regulatory environments where E2M has relationships or experiences that may provide it with a competitive advantage or where it may be difficult for others to effectively compete with E2M's clients' investments. On the other hand, it will avoid commodity real estate and loosely regulated markets.

The methods of analysis and investment strategies that E2M employs for the benefit of all of its clients, including those who are not active in making new investments, include the following:

Continuously Evaluate Exit Strategies and Opportunities. As part of its ongoing portfolio management responsibility, E2M continuously evaluates strategies and opportunities for realizing investment returns. In most cases, to foster efficiency and continuity, one or more members of E2M's management team with significant responsibility for the identification and acquisition of a particular investment will remain responsible for the investment management of such investment throughout its ownership by the applicable client of E2M. E2M's expertise in transaction structuring and capital markets should provide opportunities to identify appropriate exit strategies that maximize returns. These strategies will include traditional asset sales, and may also include sales in exchange for securities in public companies, initial public offerings of securities, mergers, spin-offs, and other structured transactions. In addition, to generate enhanced returns and to reduce investment risk, E2M may seek to refinance the Investments through borrowings, refinancings or debt or equity offerings, while allowing the applicable client to retain an ongoing economic interest.

Risks

The investment activities of E2M's clients involve a number of significant risks, including risks related to the investment strategies described above and the types of investments typically made by E2M's clients. ***In light of these risks, the possibility exists that a client will experience a partial or total loss of capital invested in a particular Investment, and each client should be prepared to bear such loss.***

Investments meeting investment objectives may be limited. The success of a client will depend in part on the availability and identification of suitable investment opportunities that meet some or all of the investment strategies described above. The availability of high quality real estate-related investments of the type targeted by E2M may be largely dependent upon the continued economic growth and development of the markets and areas in which such investments are located. In addition, E2M competes for such investment opportunities with other real estate investors with investment objectives similar to those of E2M's clients which may further limit the availability of suitable investments. Although the personnel of E2M have extensive experience in sourcing, evaluating and structuring investments in the real estate industry, there can be no assurance that E2M will be able to identify suitable investment opportunities or recommend investments that will enable a client to realize acceptable returns. In general, there can be no assurance that the investment objectives of the clients of E2M will be realized or that they will receive a return of capital or profits from their investments.

Opportunistic strategy may not create value. The investment strategies described above include making investments in real estate where E2M believes it can create value through acquiring, operating or developing properties subject to operating issues or financial problems. There can be no guarantee that any operating issues or financial problems can be resolved satisfactorily in a manner that will result in any returns for clients

of E2M. It cannot be ruled out that clients of E2M will incur losses when making such investments. The risks of such strategy are inherently greater than the acquisition of stable and well financed real estate projects because there is no certainty that the perceived potential for increasing the value of investments can be realized.

Investment in distressed assets involve a substantial degree of risk. E2M may also seek to invest its clients in real estate that is distressed, non-performing, under-performing, undercapitalized, subject to liquidity constraints or otherwise troubled. Although such investments may offer the opportunity to realize significant returns, they involve a substantial degree of risk, and there can be no assurance that there will be any return of capital. Furthermore, investments in properties operating in workout modes or under Chapter 11 of the United States Bankruptcy Code involve additional risks and, in certain circumstances, a client could become subject to additional liabilities to third parties that could exceed the value of the original investment, payments to the client and distributions by the client to its investors may be reclaimed if later determined to have been a fraudulent conveyance or a preferential payment and Bankruptcy laws may delay the ability of a client to realize on collateral for loan positions held by the client or may adversely affect the priority of such loans.

Investments may be leveraged. Some of the real estate investments acquired by clients of E2M may utilize a leveraged capital structure, in which case a third party would be entitled to cash flow generated by such investments prior to the time such clients receive a return of their investment. Although such leverage presents opportunities for increasing total return, it also involves a high degree of financial risk and has the potential of increasing exposure of investments to adverse economic factors such as rising interest rates, economic downturns, fluctuations in market conditions, deterioration in the assets underlying such investments or deterioration in the condition of a real estate investment or its market. In the event an investment acquired by a client of E2M is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the investment in such real estate project could be significantly reduced or even eliminated.

Investments in real estate are subject to significant risks. E2M focuses exclusively on investments in the real estate industry. As a result, investments made on behalf of clients of E2M will be subject to the risks inherent in the ownership and operation of real estate and real estate-related businesses and assets. These risks include, among others:

Adverse local market conditions. Depressed or deteriorating local real estate conditions, changes in supply of or demand for competing properties in an area (for instance, as a result of overbuilding) and changes in real property taxes may each adversely affect the value of an Investment.

Environmental risks. Under federal, state and local laws and regulations relating to protection of the environment, a current or previous owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances at such property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with any

contamination. Such laws typically impose clean-up responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants, and the liability under such laws has often been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. In addition, the owner or operator of a site may be subject to claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. Clients of E2M could face substantial risk of loss from environmental claims based on environmental problems associated with their real estate-related investments.

Financial condition of tenants. Some Portfolio Companies in which a client invests may rely exclusively on rent payments from tenants under commercial leases to make interim distributions to the client. Reductions in the net operating income of the tenants may adversely affect their ability to make rent payments which, along with fluctuations in occupancy rates, may adversely affect the ability of the Portfolio Companies to make distributions to clients of E2M.

Limited insurance coverage. Insurance against certain risks, such as terrorism, earthquakes or floods, may be unavailable, available only in amounts that are less than the full market value or replacement cost of investments or underlying assets, or subject to a large deductible.

Costs associated with real estate development activities. Investments in real estate projects under development or acquired for development will likely generate little or no cash flow from the date of acquisition through the date of disposition or partial disposition of the project while costs for development, including expenses such as property taxes and insurance, are incurred.

Real estate investments lack liquidity. Investments in real estate are typically highly illiquid. There is a significant risk that clients of E2M will be unable to realize their investment objectives through the sale or other disposition of their investments at attractive prices within any given period of time, or will otherwise be unable to successfully implement exit strategies for their investments. In particular, these risks could be increased due to the inability of potential purchasers to obtain financing on satisfactory terms (or at all), changes in laws, regulations or fiscal policies of jurisdictions in which the investments are made, or as a result of the risks associated with the ownership and operation of real estate and real estate-related businesses and assets, many of which are described above.

Deterioration in the capital and credit markets may adversely affect the performance of the investments. Disarray in the credit markets, market dislocation and volatility, the tightening of credit requirements and the curtailment of the use of structured products to provide liquidity, a general sense of uncertainty and lack of confidence in the capital and credit markets, as well as the effects of the recent recessionary conditions in the economy as a whole, could adversely affect clients. Specifically, any such factors, either alone or in combination, could (i) reduce the value of investments held by clients, (ii) significantly limit or eliminate the ability of the clients to employ leverage in connection with their investment activities or (iii) reduce the ability of the clients to dispose of their investments in the ordinary course, any of which could have a material adverse effect on clients of E2M.

Each Fund's offering documents contain a more detailed description of the risks associated with an investment in such Fund.

Disciplinary Information

Neither E2M nor any of its management persons has been involved in any legal or disciplinary events of the type identified under Item 9 of Part 2A of Form ADV or any other legal or disciplinary events that are material to the advisory business of E2M or to an evaluation of the integrity of the management of E2M.

Other Financial Industry Activities and Affiliations

Certain Regulated Entities

Neither E2M nor any of its management persons is registered or has a pending application to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of any of the foregoing.

Other Affiliations

There is no relationship or arrangement between E2M or any of its management persons, on the one hand, and any affiliate or advisory affiliate of E2M who performs any of the functions listed in Item 10.C of Form ADV, Part 2A, on the other, that both (i) is material to E2M's advisory business or to the Funds, the Single Investment Clients or the Institutional Investors and (ii) creates a material conflict of interest with any of such clients.

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

Code of Ethics

General. E2M has adopted a Code of Business Conduct and Ethics (the “Code of Ethics”) that is designed to promote compliance with laws, rules and regulations applicable to E2M’s business and to express the high standards of business conduct and ethics to which the personnel of E2M are subject.

The Code of Ethics generally applies to all supervised persons of E2M, including all partners, members, officers, directors or employees of E2M and all partners, members, officers, directors, managers or employees of the General Partners of the Funds or other persons who are involved in providing investment advisory or investment management services in connection with the investment advisory business of E2M. All such supervised persons are referred to in this section of the brochure as “personnel” of E2M.

E2M requires that, if any of its personnel know of or suspect a violation of the Code of Ethics, E2M’s related policies or any laws, rules or regulations applicable to E2M, he or she must immediately report such information to E2M’s Chief Compliance Officer (or to another member of the Compliance Committee established by E2M, if his or her concerns relate to the Chief Compliance Officer).

Set forth below is a summary of the principal elements of E2M’s Code of Ethics. A complete copy of E2M’s Code of Ethics is available to any client or potential client upon request. Requests for copies of the Code of Ethics should be directed to the Chief Compliance Officer of E2M at the address or telephone number shown on the cover page of this brochure.

Standards of Conduct. E2M requires all of its personnel to adhere to the highest standards of business conduct and ethics expected of financial advisers. In addition, E2M expects all of its personnel to seek continually to protect and enhance E2M’s reputation for honesty and integrity and requires that its personnel act in a fair and ethical manner, in accordance with all laws, rules and regulations applicable to E2M and its business. All of E2M’s personnel are expected to advance the interests of E2M’s clients and avoid any conflicts of interest that could compromise E2M’s ability to act in its clients’ best interests.

Conflicts of Interest. E2M owes a fiduciary duty to its clients to act in their best interests, placing its clients’ interests ahead of its own interests. Therefore, both E2M and its personnel seek to avoid situations that create conflicts of interest, or even appear to create such conflicts. All E2M personnel are responsible for assisting in identifying actual or potential conflicts of interest related to E2M’s investment advisory business and promptly bringing any such issues to the attention of the Chief Compliance Officer.

Adviser and Client Records and Confidential Information. E2M expects honest and accurate recording and reporting of information and requires that its personnel make and keep books and records on a “true, accurate and current” basis. This requirement applies to both books and records of E2M and books and records related to the Funds and

other clients. The making of false or misleading entries, records or documentation is strictly prohibited.

E2M's personnel are expected to maintain the confidentiality of information entrusted to them by E2M or its clients, except when disclosure is authorized by the Chief Compliance Officer or is legally mandated. E2M's personnel who possess or have access to confidential information are expected not to use such information for their own benefit or for the benefit of persons inside or outside of E2M. In addition, they are expected to carefully guard against disclosure of the information to people outside E2M and not disclose confidential information to other E2M personnel unless such personnel need the information to carry out the business of E2M.

Policy Against Insider Trading. Federal and state securities laws prohibit both E2M and its personnel from trading securities for itself or for others (including E2M's clients) while in the possession of material, nonpublic information. These laws also prohibit a person who is in possession of material, nonpublic information from communicating such information to others who may use that knowledge to trade securities.

In order to assist in complying with such laws, E2M has adopted a policy against insider trading that applies to E2M's personnel, together with their immediate family members with whom they share a household, and "control persons" of E2M. Under this policy, these persons are strictly prohibited from buying or selling securities for any client of E2M or for their personal account at a time when they are in possession of material, nonpublic information. Communicating (or "tipping") such information to another person who may buy or sell securities is also prohibited. The prohibition against insider trading and tipping applies to the securities of all companies, whether or not managed by the Funds or owned by or traded for clients of E2M.

Personal Trading Policy. As a means to avoid conflicts of interests between E2M and its clients, and to otherwise assist in fulfilling E2M's fiduciary duties to its clients, E2M has adopted a personal trading policy that addresses personal trading by "access persons" of E2M. For this purpose, "access persons" consist of any of E2M's personnel who (i) have access to non-public information regarding any client's purchase or sale of securities, or non-public information regarding the portfolio holdings of any client, or (ii) are involved in making securities recommendations to E2M's clients, or who have access to any such recommendations that are nonpublic.

In particular, this policy requires such persons to:

- obtain pre-approval before making personal investments in certain securities; and
- submit to the Chief Compliance Officer initial, quarterly, and annual reports disclosing personal securities holdings and transactions.

Political Contributions Policy. In an effort to comply with certain rules adopted by the SEC to deter advisers from seeking to influence the award of advisory contracts by governmental officials through making political contributions and engaging in other

practices generally referred to as “pay to play,” E2M has adopted a political contributions policy that applies to its “covered associates” as defined for purposes of the Advisers Act. In connection with this policy, E2M has determined that its “covered associates” include each entity controlled by E2M that is involved in providing investment advisory or investment management services to the Funds or other clients, each officer or director of such an entity, and any other E2M personnel who solicits a governmental entity or is a direct supervisor of someone who solicits a governmental entity.

In particular, the Political Contributions Policy requires such persons to:

- obtain pre-approval of the Chief Compliance Officer before making any political contributions to a state or local government official or candidate or to a political party of a state or locality;
- not engage in certain activities relating to elections of a state or local governmental officials without the approval of the Chief Compliance Officer; and
- complete and deliver to the Chief Compliance Officer quarterly reports detailing certain political contributions.

Participation or Interest in Client Transactions

Interest in Client Transactions. Certain of E2M’s personnel have directly or indirectly invested in one or more of E2M’s clients. These investments are intended to align the interests of its personnel with those of the clients and the other investors in the clients. As a result, E2M may sell for the accounts of such clients securities in which E2M or its related persons have a material financial interest. This may present a conflict of interest as the personnel who have invested in a client may have an incentive to recommend the disposition of assets based on personal interests (including any benefits received through E2M) rather than the best interests of the client. E2M has implemented policies and procedures reasonably designed to ensure that E2M personnel act in the best interests of E2M’s clients at all times.

In addition, 2M Companies, Inc., one of E2M’s related persons, is the owner of certain interests in one or more Investments in which the Eiger Fund has also invested. Morton Meyerson, the Chairman Emeritus of E2M, is also the CEO and Chairman of 2M Companies, Inc. While the Eiger Fund is no longer actively seeking to make investments, a potential conflict of interest for E2M arises in connection with recommendations to sell Investments held by both the Eiger Fund and 2M Companies, Inc. In order to mitigate this conflict of interest, Morton Meyerson will not be included in any deliberations or decision-making process with respect to recommendations to the Eiger Fund to sell Investments held by both the Eiger Fund and 2M Companies, Inc.

The Advisers Act contains certain provisions relating to “principal transactions,” which occurs when an investment adviser, acting for its own account (or the account of an affiliate) buys a security from, or sells a security to, a client’s account. In particular, Section 206(3) of the Advisers Act requires an investment adviser to provide written disclosure to a client and obtain the client’s consent prior to settlement of any “principal

transaction.” The Partnership Agreement of each of the Funds provides that the General Partner of the Fund must obtain the approval of the investors whose aggregate capital commitments exceed a pre-established amount set forth in the Partnership Agreement in order to acquire or obtain any investment from, or to sell, assign, transfer, convey, or otherwise dispose of any investment to, the General Partner, E2M or any of its affiliates and certain other persons specified in the Partnership Agreement (except with respect to certain coinvestment vehicles). Any “principal transaction” that does not require the consent of the investors in a Fund as described in the preceding sentence, would otherwise require approval by the Advisory Board prior to settlement.

Brokerage Practices

The underlying investments made by clients of E2M consist primarily or exclusively of real estate assets and real estate debt and equity securities that are not registered under the Securities Exchange Act of 1934, as amended, or listed on a national securities exchange. However, in some cases, it is possible that clients could invest in or otherwise acquire publicly traded securities, including as a result of a merger, sale, disposition or other business combination involving a Portfolio Company.

Because of the nature of its investment activities, it is expected that E2M and its affiliates will utilize the services of broker-dealers only in connection with a small portion of the investment and disposition transactions they carry out on behalf of the clients of E2M. However, to the extent that a client invests in or otherwise acquires publicly traded securities, E2M will arrange for the execution of securities brokerage transactions for the client's account either directly through the Fund's securities account or through broker-dealers that E2M believes will provide the "best execution."

In attempting to provide "best execution," E2M will seek to execute securities transactions so that a client's total costs or proceeds in each transaction are the most favorable under the circumstances. Nevertheless, the use and selection of a broker-dealer by E2M will not be based solely upon whether the broker-dealer offers the lowest possible commissions and other expenses, but whether the transaction represents the best qualitative execution. E2M determines the availability of best execution by a number of methods, including evaluating its own experience with various broker-dealers, conducting surveys and soliciting data from competing broker-dealers and reviewing data from third-party industry research sources.

Soft dollar arrangements exist when an investment manager directs a commission generated by a transaction toward a third party or an in-house party in exchange for services that are for the benefit of the client but are not client-directed. E2M currently does not direct any commissions to third parties in exchange for such services. No soft dollar arrangements may be entered into by E2M without the prior written approval of the Chief Compliance Officer.

Review of Accounts

Investment Reviews

The Investment Committee, with input from other members of the professional staff of E2M, conducts periodic reviews of all Investments held by the Funds and Single Investment Clients to determine whether each Investment should continue to be held or should be sold or otherwise disposed of by such client. The Investment Committee consists solely of “Partners” of E2M and includes the Chairman, the Chief Executive Officer and the Chief Financial Officer of E2M. Two Partners, including the Chief Executive Officer, with input from other members of the professional staff of E2M, conduct periodic reviews of all Investments held by the Institutional Investors to determine whether each Investment should continue to be held or should be sold or otherwise disposed of by a such Institutional Investor.

A review of each Investment held by a client is conducted on a quarterly basis or more frequently if necessary to respond to significant changes in economic or market conditions. To foster efficiency and continuity, in general, one or more Partners with significant responsibility for the identification and acquisition of a particular investment will remain responsible for the investment management of such investment through its ownership by the applicable client.

Currently, Fund III is the only client of E2M who has engaged E2M to seek new investments on its behalf. All new investments made by Fund III are reviewed by the Investment Committee with input from other members of the professional staff of E2M for suitability and consistency with the Fund’s investment objectives.

Certain Reports

The Funds. On an annual basis, the General Partner of each Fund furnishes financial statements to the investors in the Fund, consisting of a balance sheet, a statement of operations, a statement of cash flows and a statement of partners’ capital. In the case of Funds I and III, such financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”) and audited by an accounting firm registered with the Public Company Accounting Oversight Board. In the case of the Eiger Fund and Fund II, such financial statements are prepared in accordance with GAAP but may not be audited. On an annual basis, the General Partner of each Fund also furnishes to each of the investors in the Fund a copy of the Fund’s U.S. Partnership Return of Income and the investor’s Schedule K-1 thereto, together with a reconciliation between the information contained in the annual financial statements and such income tax information.

In addition, the General Partner of each Fund furnishes on an annual basis to the investors in such Fund a written summary report typically including a summary of all capital calls and distributions, a summary of all Fund expenses, information relating to the Fund’s indebtedness and available borrowings, calculations of the internal rates of return for the Fund’s investments and a summary of payments made to the General Partner or any of its affiliates.

On a quarterly basis, the General Partner of each Fund furnishes unaudited financial statements to the investors in the Fund, consisting of a balance sheet, a statement of operations, a statement of cash flows and a statement of partners' capital. In addition, the General Partner of each Fund furnishes on a quarterly basis to the investors in such Fund a written summary report as to the status of each of the Fund's investments as of the end of such quarter, which typically includes information relating to capital calls and distributions made during the quarter and information relating to the Fund's indebtedness and available borrowings.

Single Investment Clients. On an annual basis, E2M furnishes unaudited financial statements to the investors in the Single Investment Clients. On a periodic basis, E2M furnishes to the Single Investment Clients a written summary report as to the status of such client's investments.

Institutional Investors. On a quarterly basis, E2M furnishes to the Institutional Investors a summary report as to the status of such client's investments as of the end of such quarter, which includes written summary information relating to capital calls and distributions made during the quarter.

Client Referrals and Other Compensation

Compensation for Investment Advice from Non-Clients

E2M may, from time to time, receive compensation in the form of Transaction Fees and/or Coinvestment Compensation from persons who are not clients of E2M for ancillary services related to the investment advisory and investment management services E2M provides to its clients.

Transaction Fees. E2M, the General Partner of each Fund and its affiliates may receive Transaction Fees from a third party in respect of an Investment made by an E2M client. Certain Transaction Fees received in respect of Investments made by Fund III will reduce the Management Fee payable to E2M by Fund III. For additional information regarding the Transaction Fees payable to E2M, please see “Fees and Compensation” above.

Coinvestment Compensation. In connection with new Investments made by Fund III, the Partnership Agreement of Fund III provides that the General Partner or one of its affiliates may, in its sole discretion, provide the investors in Fund III and/or other third parties with the opportunity to, directly or indirectly, coinvest with the Fund in a coinvestment opportunity. E2M or its affiliates may receive Coinvestment Compensation from one or more of the coinvestors in such Investment. For additional information regarding the Coinvestment Compensation payable to E2M, please see “Fees and Compensation” above.

Compensation for Client Referrals

E2M and its related persons do not currently compensate any person who is not a supervised person of E2M for client referrals.

Custody

The Funds and Single Investment Clients

An affiliate of E2M acts as the General Partner of each Fund and, in such capacity, may have the authority to obtain possession of funds and securities of the Fund. Additionally, E2M acts as the manager of each Single Investment Client and, in such capacity, may have the authority to obtain possession of the funds and securities of such client. Accordingly, the General Partner of each Fund and E2M as the manager of each Single Investment Client is deemed to have custody of the assets of such client, and must comply with Rule 206(4)-2 under the Advisers Act (the “Custody Rule”). As required by the Custody Rule, the funds and securities of the Funds and Single Investment Clients (other than certain privately issued uncertificated securities) are maintained with “qualified custodians.”

In the case of the Eiger Fund, Fund II and the Single Investment Clients, E2M arranges for the qualified custodians holding funds or securities on behalf of such clients to deliver quarterly account statements directly to the applicable client and its investors. In the case of Funds I and III, account statements are delivered only to the applicable Fund itself. To the extent account statements are sent directly to investors in a Fund or other client, each investor should carefully review these account statements upon receipt from any qualified custodian. From time to time, E2M may also deliver account statements directly to investors in a Fund or other client. To the extent investors in a Fund or other client receive account statements directly from E2M, each investor should compare the account statements, if any, they receive from qualified custodians with those they receive from E2M.

Institutional Investors

E2M does not have custody of the assets of the Institutional Investors.

Investment Discretion

The Funds

The General Partner of each Fund is an affiliate of E2M, and all of the managers, officers and employees of the General Partner are supervised persons of E2M. As a result, E2M and the General Partner of each Fund can be viewed as together exercising discretionary authority over the investments made by the Fund.

The management and conduct of the business of the Funds are carried out by the General Partner of each Fund. The Partnership Agreement of each Fund contains certain basic investment guidelines and limitations on the General Partner's investment discretion. Fund III is the only client of E2M actively engaged in making new investments. The investment guidelines and limitations to which the General Partner of Fund III is subject include:

- *Types of Investments.* The Fund will seek to invest in real estate assets and real estate debt and equity securities consistent with the investment objective of the Fund. The Fund will generally not invest in publicly-traded securities, other investment funds or commodities.
- *Investment Period.* The Fund may generally make new investments for a period expiring four years after the final closing of the Fund, subject to extension or early termination under certain circumstances.
- *Diversification Limit.* The total investment by the Fund in any Portfolio Company and its affiliates may not exceed 20% of the total capital commitments of the investors in the Fund.
- *Affiliate Transactions.* The Fund is prohibited from engaging in certain transactions involving the acquisition of properties, assets or securities from, or the sale or other disposition of assets to, affiliates or other related persons of the General Partner of the Fund, as described in greater detail under "Code of Ethics, Participation or Interest in Client Transactions and Personal Trading — Participation or Interest in Client Transactions" above.

In certain cases, the foregoing restrictions may be modified or waived with the approval of the investors in the Fund by a vote of investors holding a pre-established amount of the capital interests in the Fund, as set forth in the Partnership Agreement.

Single Investment Clients

The management and conduct of the business of each of the Single Investment Clients are carried out by E2M as the manager of such client. As a result, E2M can be viewed as exercising discretionary authority over the investments made by each Single Investment Client.

Institutional Investors

E2M does not have discretionary authority with respect to investments made by the Institutional Investors.

Voting Client Securities

The Funds and Single Investment Clients

E2M currently exercises voting authority with respect to securities held by the Funds and Single Investment Clients, including stock, partnership interests and other voting securities of Portfolio Companies. These securities in many cases consist of privately issued uncertificated securities, but could in certain cases also include securities of publicly traded companies.

E2M has adopted a policy that defines the procedures to be followed by E2M when it has discretionary authority to vote securities held by a client. The purpose of this policy is to ensure that such securities are voted for the benefit of and in the best interests of the client. E2M has determined that the objective of voting a security on behalf of the client is to seek to enhance the value of the investment that the security represents or to reduce the potential for a decline in the value of such investment. In most cases, E2M delegates the decision as to how to vote on a specific issue to one of its principal executive officers.

Although E2M considers voting on all issues presented, the policy it has adopted does not require voting on all such issues. In certain cases, the issues presented for a vote of security holders are not relevant to E2M's voting objective, or it may not be reasonably possible to ascertain what effect, if any, a vote on a given issue may have on the value of an investment. Accordingly, E2M may abstain from voting or decline to vote in certain cases.

The policy E2M has adopted contemplates that the appropriate personnel of E2M will:

- assemble voting materials (such as proxy statements and other communications with respect to the issues presented);
- collect recommendations, analyses and other information relevant to the evaluation of the voting issues;
- obtain voting instructions on the issues presented from one or more Partners; and
- communicate voting decisions to the issuer or appropriate third party.

E2M believes that the potential for conflicts of interest arising in connection with the exercise of its voting authority is limited because matters voted on typically relate to the conduct of the business of Portfolio Companies of a client, and E2M and its affiliates are subject to contractual limitations on transactions and arrangements involving the Portfolio Companies in which a client invests. Similarly, the Partnership Agreements of the Funds contain provisions that limit the ability of E2M and its affiliates to profit by providing advisory services to or engaging in other transactions with a Portfolio Company. See "Fees and Compensation — Other Compensation" above.

In addition, in light of the fact that discretionary voting decisions are generally made on behalf of E2M by one or more Partners, the Chief Compliance Officer monitors all

relationships between such officers and their immediate families, on one hand, and issuers soliciting proxies from the clients, on the other hand. If a conflict is identified with respect to a given proxy vote, E2M will remove voting authority with respect to the relevant issue from the conflicted Partner and will instead have a different, unconflicted Partner consider and cast the vote.

In the event that a potential material conflict of interest is not identified and is not addressed by the procedures described above, the primary means by which E2M avoids a material conflict of interest in the voting of proxies is by casting such votes solely in the interests of the client and with the objective of maximizing the value of its portfolio holdings.

E2M will provide a copy of its proxy voting policies and procedures to clients upon request. Clients may also request information on how portfolio securities held on their behalf were voted. Any such request may be made to the Chief Compliance Officer of E2M at the telephone number or address shown on the cover page of this brochure.

Institutional Investors

E2M does not have voting authority with respect to securities held by the Institutional Investors.

Financial Information

This item is not applicable.

Requirements for State Registered Advisers

This item is not applicable.