

Form ADV Part 2A: Firm Brochure

Long Pond Capital, LP

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This brochure provides information about the qualifications and business practices of Long Pond Capital, LP and its affiliates (collectively “Long Pond” or “Advisor”). For more information on the disclosure requirements required for Part 2A see the “General Instructions for Part 2 of Form ADV” by visiting www.sec.gov/rules/final/2010/ia-3060.pdf. If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer at (212) 351-1970 or email afamiglietti@longpond.com.

Additional information about Long Pond is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Long Pond is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Item 2: Material Changes

In February 2012, Long Pond filed its initial application to register as an investment adviser with the SEC. Accordingly, pursuant to disclosure rules under the Advisers Act, this is the first Brochure compiled by Long Pond to provide new and prospective investors with clearly written, meaningful, current disclosure of its business practices, conflicts of interest and background of its advisory personnel. We encourage all recipients of this Brochure to read it carefully in its entirety.

In the future, this Item will identify and discuss the material changes since the last annual update to assist investors and make them aware of certain information that has changed since the prior year's Brochure and that may be important to them.

Item 3: Table of Contents

Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 5: Fees and Compensation	5
Item 6: Performance Based Fees and Side-by-Side Management.....	6
Item 7: Types of Clients	6
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	7
Item 9: Disciplinary Information.....	10
Item 10: Other Financial Industry Activities and Affiliations.....	11
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading....	11
Item 12: Brokerage Practices.....	12
Item 13: Review of Accounts	13
Item 14: Client Referrals and Other Compensation	13
Item 15: Custody	14
Item 16: Investment Discretion	14
Item 17: Voting Client Securities	14
Item 18: Financial Information.....	14

Item 4: Advisory Business

Long Pond is an investment advisory firm organized as a limited partnership under the laws of the State of Delaware. Long Pond was formed in 2010 and has been a registered investment advisor since February 2012. Long Pond Capital, LP is owned by John Khoury who serves as Managing Partner and Portfolio Manager. As of December 31, 2011 Long Pond managed \$294 million in Regulatory Assets under Management on a discretionary basis on behalf of its Clients.

The investment activities of Long Pond are led by the Managing Partner. A number of other investment professionals will work with the Managing Partner to execute the Funds' investment strategy (the "Research Team").

Long Pond serves as an investment manager and provides discretionary advisory services to several related collective investment vehicles (Long Pond Capital QP Fund LP and Long Pond Offshore Ltd., (collectively "the Feeder Funds") and Long Pond U.S. Master LP and Long Pond Offshore Master LP (collectively the "Master Funds")) including private limited liability companies and foreign investment companies; together with any respective parallel funds, special purpose and/or subsidiary investment vehicles (collectively "the Funds"). The Feeder Funds invest substantially all of their capital in a "master-feeder" structure, conducting its investment and trading activities indirectly through an investment in the Master Funds, exempted companies organized to conduct trading activities on behalf of the Funds. The purpose of the Master Funds is to achieve trading and administrative efficiencies. Thus, an investment in the Funds is the functional and economic equivalent of an investment in the Master Funds. Each Fund is responsible, as an investor in the Master Funds, for its *pro rata* share of the Master Funds' operating and overhead expenses.

Each Fund, through its investment in the Master Funds, seeks to utilize the expertise of the Research Team to maximize long-term absolute returns through long/short equity investments primarily in the real estate and real estate-related sectors.

In providing services to the Funds, Long Pond formulates each Fund's investment objective, directs and manages the investment and reinvestment of each Fund's assets, and provides reports to investors. Investment advice is provided directly to the Funds and not individually to the members or shareholders of the Funds (the "Investors"). Long Pond manages the assets of the Funds in accordance with the terms of each Fund's confidential offering and/or private placement memoranda, individual membership or shareholder agreements and other governing documents applicable to each Fund (the "Governing Fund Documents"). All terms are generally established at the time of the formation of a Fund, and are only terminable once the applicable Fund is dissolved, wound up, and terminated. The Investors may not restrict investments by the Funds in any capacity, and an investment in the Funds may be subject to lock-up and other withdrawal provisions.

Shares or membership interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and the Funds are not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly, interests or shares in the Funds are offered and sold exclusively to Investors satisfying the applicable

eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

Long Pond does not participate in “wrap fee” programs.

Item 5: Fees and Compensation

General

Long Pond provides investment advisory services to each of the Funds pursuant to separate investment advisory and/or letter agreements (the “Agreements”). The Agreements for each Fund, along with specific organizational documents of the Fund, set forth in detail the fee structure relevant to each such Fund. The terms of the Agreements are generally established at the time of the formation of the applicable Fund.

Long Pond typically receives compensation from fees based on a percentage of assets under management and profit allocations. Investors should review all fees charged by Long Pond and others to fully understand the total amount of fees to be paid by a Fund and, indirectly, by their Investors.

None of Long Pond’s supervised persons receives any compensation for the sale of securities or other investment products.

Management Fee

The Funds pay Long Pond an annual management fee (the “Management Fee”) of 1.5% per annum. The Management Fee is payable quarterly in advance. Long Pond and its affiliates reserve the right to waive or reduce management fees for certain investors, including employees, family members, strategic partners, advisors and consultants and others as may be determined in Long Pond’s sole discretion. In the limited circumstances when a redemption/withdrawal is made as of a date other than the end of a calendar quarter, the Management Fee will be appropriately pro-rated and the excess returned to the relevant Investor. All fees received by Long Pond are deducted directly from Fund or Investor accounts.

Performance Allocation

Long Pond and its affiliates receive an annual performance-based profits allocation (the “Performance Allocation”) at the end of each fiscal year, equal to 20% of the net profits/net capital appreciation allocated to each Limited Partner/Share for such fiscal year. Long Pond will not earn a performance-based fee for any fiscal year until any previous loss (“Loss Carryforward”) has been offset by subsequent net profits.

Other Expenses Charged to the Funds

The Funds bear all costs and expenses directly related to the investment program, including expenses related to proxies, underwriting and private placements, brokerage commissions, research, interest on debit balances or borrowings, custody fees and any withholding or transfer taxes imposed on the Funds. The Funds also bear all out-of-pocket costs of the administration and operation of the Funds, including accounting, audit, tax and legal expenses; costs of any litigation or investigation involving the Funds’ activities; and costs associated with reporting and providing information to shareholders and prospective investors. However, Long Pond may, in its sole

discretion, choose to absorb any such expenses incurred on behalf of the Funds. Each Fund, as a limited partner of the Master Fund, will also bear its pro rata portion of any similar expenses incurred at the Master Fund level.

Organizational Expenses

The Funds bear the expenses of the organization of the Funds and the offering of Interests or Shares (including legal and accounting fees, printing costs, travel, “blue sky” filing fees and expenses and out-of-pocket expenses). In general, the Funds’ financial statements will be prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). However, the Funds intend to amortize organizational expenses over a period of 60 calendar months from the date the Funds commence operations because Long Pond believes such treatment is more equitable than expensing the entire amount of the organizational expenses in the Funds’ first year of operation, as is required by GAAP.

Item 6: Performance Based Fees and Side-by-Side Management

Long Pond or its affiliates receive performance-based compensation in the form of a “performance allocation,” which calculation is based on the new net income generated during a performance period. The fact that a significant portion of the Advisor’s compensation (and its affiliates’ and investment professionals’ compensation) is directly computed on the basis of profits generated by the trading activities of the Funds may create an incentive for Long Pond to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. However, Long Pond has written policies and procedures in place that it believes help mitigate the risk associated with this conflict of interest. Additionally, Long Pond believes that its interests are aligned with its clients through the investment in the Funds made by the Managing Partner.

From time to time, Long Pond may permit certain Investors (including, but not limited to, Long Pond and Mr. Khoury, as well as the affiliates, principals, partners and employees of Long Pond and their respective families and any estate planning and/or other vehicles established by or on behalf of any of them) to acquire Shares on different economic terms than other Investors. The Funds also may offer additional Series of Shares subject with different Management Fees or Profit Allocations in its sole discretion and without prior notice to or consent of the Investors.

Item 7: Types of Clients

Long Pond provides discretionary management and advisory services to the Funds directly, subject to the direction and control of the General Partner or Board of Directors of each Fund, and not individually to the Investors. Investors in the Funds may include, but are not limited to, high net worth individuals, pension plans (corporate, state and foreign), sovereign wealth funds, endowments, foundations, banks, pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, and corporate or business entities.

The minimum commitment for an Investor is \$1 million; however, Long Pond maintains discretion to accept less than the minimum investment threshold. Investors will be required to meet certain suitability qualifications, such as being an “accredited investor” within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act and “qualified purchasers” as defined in Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940 (the “Company

Act”) and the rules promulgated thereunder. The Funds have the right to permit participation by other Investors if such participation and the related offers and sales would not result in the requirement to register the offer or sale of shares or interests under the Securities Act or to register the Funds under the Company Act. All investors in the Funds must meet other suitability requirements. Details concerning applicable Investor suitability criteria are set forth in the respective Governing Fund Documents and subscription materials, which are furnished to each Investor.

The Funds may enter into side letters or other writings with certain investors, including those affiliated with Long Pond or those deemed to involve a significant or strategic relationship, to waive certain terms or allow such investors to invest on different terms, including terms more favorable than those specifically described in the Funds’ offering documents, including, without limitation, with respect to fees, reporting, liquidity provisions or depth of information provided to such investors concerning the Funds. The terms of such side letters or other agreements could adversely affect other Investors.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Long Pond intends to generally allocate capital to asymmetric risk-reward opportunities where the value driver is related to the real estate and real estate-related industries and where Long Pond’s sector focus and proprietary due diligence results in a view different than the consensus. Long Pond will take a generally disciplined approach to acquiring, but will not be limited to, the following investments: (i) assets trading at a discount to their underlying value; (ii) companies undergoing a change in capital structure, business plan, management or any other “overhang” that creates dislocation; (iii) well-capitalized companies that will profit from the current industry distress; (iv) attractively priced, high return on invested capital opportunities where growth is driven by real estate and real estate-related fundamentals; (v) relative value opportunities, including real estate investment trusts (“REITs”) where a static asset base combined with market volatility provides for low-risk trading between similar companies when market prices diverge; these trades should also serve to dampen the overall volatility of the portfolio; and (vi) catalyst-driven short opportunities including dividend cuts and projected earnings misses and overvalued companies with the potential to miss clinical targets and/or where management has publicized unrealistic expectations for future events.

Long Pond seeks to conduct thorough bottom-up research and generally builds detailed proprietary valuation models and incorporates due diligence supported by its research. Long Pond often utilizes asset-by-asset valuations and seeks out under-earning and non-income producing assets that are overlooked by public market participants who are principally focused on cash flow. Long Pond revisits management teams and updates comparables analysis in the public and private real estate markets.

Risk of Loss

Prospective investors should be aware that an investment in the Funds entails risk of significant losses arising from a variety of factors. Such risks are described in greater detail in the Governing Fund Documents and include, but are not limited to, the following:

Illiquidity. The investments made by the Funds may be very illiquid, and consequently the Funds may not be able to sell such investments at prices that reflect Long Pond's assessment of their value or the amount paid for such investments by the Funds. Illiquidity may result from the absence of an established market for the investments as well as legal, contractual or other restrictions on their resale by the Funds and other factors. Furthermore, the nature of the Funds' investments, especially those in financially distressed companies, may require a long holding period prior to profitability. Long Pond is authorized to make distributions in kind of securities in lieu of or in addition to cash. In the event Long Pond makes distributions of securities in kind, such securities could be illiquid or subject to legal, contractual and other restrictions on transfer.

Leverage. Subject to applicable margin and other limitations, the Funds may borrow funds in order to make additional investments and thereby increase both the possibility of gain and risk of loss. Consequently, the effect of fluctuations in the market value of the Funds' portfolios would be amplified. Interest on borrowings will be a portfolio expense for the Funds and will affect the operating results of the Funds. Also, the Funds could potentially create leverage via the use of instruments such as options and other derivative instruments. The Funds may, under some circumstances, be required to liquidate assets to service interest and principal obligations. If loans to the Funds are collateralized with assets which decrease in value, the Funds may be obligated to pledge additional collateral to a lender in the form of cash or securities to avoid liquidation of the existing collateral. Moreover, if the assets under management are insufficient to pay the principal of, and interest on, the debt when due, the Funds could sustain a total loss of their investment. The rights of lenders to the Funds to receive payments of interest on and repayments of principal of their loans, and their rights in and to the Funds' assets, will be senior to the rights of the investors in the Funds.

Diversification. Since the Funds' portfolios will not necessarily be widely diversified, the investment portfolios of the Funds may be subject to more rapid changes in value than would be the case if the Funds were required to maintain a wide diversification among companies, securities and types of securities.

Nature of Investments. Long Pond has broad discretion in making investments for the Funds. Investments will generally consist of securities and other assets that may be affected by business, financial market or legal uncertainties. There can be no assurance that Long Pond will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds' activities and the value of their investments. In addition, the value of the Funds' portfolios may fluctuate as the general level of interest rates fluctuates. No guarantee or representation is made that the Funds' investment objective will be achieved.

Market Conditions. The Funds, their prime broker(s) and other financial institutions' financial condition may be adversely affected by market conditions and they may become subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on the Funds' business and operations. Moreover, market conditions have substantially reduced the availability of credit, which may have a material adverse effect on the Funds' ability to achieve its

investment objective with respect to any particular investment and/or the Funds' entire portfolio, which could have a material adverse effect on the Funds' overall return objectives.

Short Sales. The Funds may enter into transactions, known as "short sales," in which they sell a security they do not own in anticipation of a decline in the market value of the security. Short sales by the Funds that are not made "against the box" theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. The Funds may mitigate such losses by replacing the securities sold short before the market price has increased significantly. Under adverse market conditions, the Funds might have difficulty purchasing securities to meet short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet short sale obligations at a time when fundamental investment considerations would not favor such sales.

Derivatives. Derivative instruments, or "derivatives," include futures, options, swaps, structured securities and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Funds to the possibility of a loss exceeding the original amount invested. Derivatives may also expose investors to liquidity risk, as there may not be a liquid market within which to close or dispose of outstanding derivatives contracts and to counterparty risk. The counterparty risk lies with each party with whom the Funds contracts for the purpose of making derivative investments (the "Counterparty"). In the event of the Counterparty's default, the Funds will only rank as unsecured creditors and risk the loss of all or a portion of the amounts they are contractually entitled to receive.

Real Estate Industry and REIT Risks. The Funds will invest primarily in companies in the real estate industry and, therefore, may be subject to risks associated with the direct ownership of real estate, such as decreases in real estate values, overbuilding, increased competition and other risks related to local or general economic conditions, increases in operating costs and property taxes, changes in zoning laws, casualty or condemnation losses, possible environmental liabilities, regulatory limitations on rent and fluctuations in rental income. Equity REITs generally experience these risks directly through fee or leasehold interests, whereas mortgage REITs generally experience these risks indirectly through mortgage interests, unless the mortgage REIT forecloses on the underlying real estate. REITs in which the Funds invest may be affected by changes in underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Funds invest may concentrate investments in particular geographic regions or property types. Additionally, rising interest rates may cause investors in REITs to demand a higher annual yield from future distributions, which may in turn decrease market prices for equity securities issued by REITs. Rising interest rates also generally increase the costs of obtaining

financing, which could cause the value of the Funds' investments to decline. During periods of declining interest rates, certain mortgage REITs may hold mortgages that the mortgagors elect to prepay, which prepayment may diminish the yield on securities issued by such mortgage REITs. In addition, mortgage REITs may be affected by the ability of borrowers to repay when due the debt extended by the REIT and equity REITs may be affected by the ability of tenants to pay rent. Certain REITs have relatively small market capitalizations, which may tend to increase the volatility of the market price of securities issued by such REITs. Furthermore, REITs are dependent upon specialized management skills, have limited diversification and are, therefore, subject to risks inherent in operating and financing a limited number of projects. REITs depend generally on their ability to generate cash flow to make distributions to investors.

Non-U.S. Securities. Investments in non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Funds are maintained) and the various foreign currencies in which the Funds' portfolio securities will be denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and non-U.S. securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of non-U.S. income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.

Currency Risk. The Funds invest in, among other things, securities denominated in currencies other than the U.S. dollar and in other financial instruments the prices of which are determined with reference to currencies other than the U.S. dollar. The Funds value securities and other capital in U.S. dollars and may hedge currency exposure. However, to the extent that currency risk is unhedged, the value of the Funds' capital will fluctuate with the U.S. dollar exchange rate, as well as with price changes of the Funds' investments in various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Funds make investments will reduce the effect of increases and magnify the U.S. dollar equivalent of the effect of decreases in the prices of the Funds' securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Funds' non-U.S. dollar securities. The Funds also may utilize forward currency contracts and options to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Reliance on Key Personnel. The operations of Long Pond are substantially dependent upon the skill, judgment and expertise of certain key personnel. The death, disability or other unavailability of such personnel could be material and adverse to clients.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither Long Pond nor any of its officers, directors,

employees or other management persons, have been involved in any legal or disciplinary events that would require disclosure in response to this Item.

Item 10: Other Financial Industry Activities and Affiliations

Long Pond organizes and sponsors the Funds, which are private investment companies. These pooled investment vehicles managed by Long Pond are controlled by affiliated entities (“Affiliated Entities”). Long Pond or the Affiliated Entities will be responsible for all decisions regarding portfolio transactions of the Funds and have full discretion over the management of the Funds’ investment activities. While the Affiliated Entities are not separately registered as investment advisers with the SEC, all of their investment advisory activities are subject to the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and the rules thereunder. In addition, employees and persons acting on behalf of the Affiliated Entities are subject to the supervision and control of Long Pond. Thus, the Affiliated Entities, all of its employees and the persons acting on its behalf would be “persons associated with” the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act on the Affiliated Entities.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Pursuant to Rule 204A-1 under the Advisers Act, Long Pond has adopted a written Code of Ethics (the “Code”) predicated on the principle that the Advisor owes a fiduciary duty to the Funds. The Code is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of Long Pond (the “Employees”). Long Pond requires its Employees to act in the Funds’ best interests, abide by all applicable regulations and avoid any action that is, or could even appear to be, legally or ethically improper. The Code, among other things, provides for the following:

All employees of the Advisor are subject to pre-clearance procedures for certain personal securities transactions;

All employees are prohibited from trading, either personally or on behalf of others, in securities except in situations where Long Pond believes such personal investments will not create a conflict of interest between Long Pond, its employees and clients;

All employees are required to submit regular reports of certain holdings and security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest; and

Employees are required to certify annually that they will follow Long Pond’s Code of Ethics and insider trading policies and procedures.

A copy of Long Pond’s Code is available upon request.

Item 12: Brokerage Practices

Securities transactions are executed by brokers selected by Long Pond in its sole discretion. In placing portfolio transactions, Long Pond will seek to obtain the best execution for the Funds, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the broker's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Investment Manager's other selection criteria. In addition, subject to the Investment Manager's obligations to seek best execution, Long Pond may consider referrals of investors in selecting brokers.

Long Pond is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information, or to pay higher commissions to such firms if Long Pond determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. Long Pond is not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by Long Pond, and the management fee is not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker-dealers used by the Funds may be utilized by Long Pond or its affiliates in connection with its investment services for other accounts and, likewise, research services provided by broker-dealers used for transactions of other accounts may be utilized by Long Pond in performing its services for the Funds. Since commission rates in the U.S. are negotiable, selecting brokers on the basis of considerations which are not limited to be obtainable.

Long Pond has the option to use soft dollars generated by the Funds to pay for the research and research-related services described above. The term "soft dollars" refers to the receipt by an investment adviser of products and services provided by brokers, without any cash payment by the investment adviser, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment adviser. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment). Section 28(e) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides a safe harbor to investment advisers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the investment adviser in the performance of investment decision-making responsibilities. Long Pond intends to limit use of soft dollars to services that fall within the safe harbor afforded by Section 28(e) of the Exchange Act or to be otherwise reasonably related to the investment decision-making process.

Certain brokerage and research products and services utilized by Long Pond are categorized as mixed-use items that are partially paid for with soft dollars. Long Pond partially pays for mixed-use items (e.g. portfolio management and trading systems) with soft dollars after reasonably allocating between eligible and ineligible uses and making a good faith determination that the commissions being paid are reasonable in light of each of the brokerage and research services that are provided. Long Pond maintains adequate books and records regarding the mixed-use allocations.

When Long Pond uses client brokerage commissions to obtain research or other products or services, Long Pond receives a benefit because it does not have to produce or pay for the research, products or services. Long Pond believes that this conflict is mitigated because clients will generally pay for research as a fund expense pursuant to their respective investment management agreements. An additional potential conflict of interest exists since Long Pond uses limited brokers to pay third party “soft dollar” expenses. As such, Long Pond may have incentive to select brokers based on the fact they pay for research or other products or services as oppose to providing more favorable execution quality from another broker. However, Long Pond believes it has controls in place to mitigate the risks associated with such conflict of interest including written policies and procedures which require a periodic review of best execution of Long Pond’s brokers.

Long Pond has a fiduciary duty to treat all investors fairly and equally and addresses this from a trading perspective by ensuring that all trade orders include clear allocation instructions. Generally, orders for accounts with similar objectives and strategies (such as the Funds) are allocated ratably by account size subject to eligibility to participate in the trade.

Item 13: Review of Accounts

All investments are carefully reviewed by Long Pond’s investment team, which includes the Managing Partner and other investment personnel, and approved by the Managing Partner. The Funds’ investments are reviewed on a continuous basis and the investment personnel meet regularly to discuss investment ideas, economic developments, industry outlook and other issues related to current portfolio holdings and potential investment opportunities.

Investors generally will be provided with monthly statements, quarterly update letters and audited annual financial statements prepared in accordance with GAAP.

Item 14: Client Referrals and Other Compensation

Long Pond does not currently pay any person for client or investor referrals. In the event of a referral arrangement agreed upon by Long Pond and a third party solicitor for referral of an investor or separately managed account, Long Pond would require the third party solicitor to provide a written disclosure document to the referred client or investor. Referred clients and investors should ensure that they receive and read the disclosure document from the third party solicitor.

Item 15: Custody

Long Pond has access to client accounts (i.e., the Funds) since it or an affiliate serves as the General Partner, or on the Board of Directors, of the Funds and therefore is deemed to have custody under Rule 206(4)-2 even though Long Pond does not physically hold the securities and other assets of the Funds. Investors will not receive statements from any custodians. Instead, the Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each Investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Fund's fiscal year end beginning in 2012.

Item 16: Investment Discretion

In accordance with the terms and conditions of the Funds' constituent documents, and subject to the direction and control of the General Partner/Board of Directors of each Fund, Long Pond generally has discretionary authority to determine, without obtaining specific consent from the Funds or its Investors, the securities and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds.

Item 17: Voting Client Securities

It is the policy of Long Pond when exercising voting rights to do so on behalf of the Funds in the interest of maximizing Fund investor value. To that end, Long Pond will vote in a way that it believes, consistent with its fiduciary duty, will, over time, cause the value of the investment to increase the most or decline the least. Consideration will be given to both the short and long term implications of the proposal to be voted on when considering the optimal vote. Long Pond has in place voting procedures designed to enable Long Pond to resolve material conflicts of interest that may arise between Long Pond and the Funds and their Investors before exercising voting rights.

Long Pond has retained Broadridge Financial Solutions, Inc. to monitor and track proxies voted on behalf of Clients. Clients generally cannot direct Long Pond's proxy votes. The Funds and Investors may obtain information about how Long Pond has exercised voting rights with respect to assets held by the Funds by request to Long Pond.

Item 18: Financial Information

A registered investment advisor is required to provide clients with certain financial information or disclosures about its financial condition in certain instances. Long Pond does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Clients.