

**INVESTMENT ADVISER BROCHURE
PART 2A OF FORM ADV**

EQUITY INTERNATIONAL MANAGEMENT, LLC

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Equity International Management, LLC (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (312) 675-7400. 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 authority.

The Management Company is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

Additional information regarding the Management Company is also available on the SEC’s website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

This section discusses only material changes to this Form ADV Part 2A since the last filing of this Form ADV Part 2A dated February 7, 2012.

The Form was updated to reflect the establishment of a new Co-Invest Fund (as defined herein and as further described in the section titled “Performance-Based Fees and Side-By-Side Management”), and to reflect certain updates to the ownership of the Management Company.

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ADVISORY BUSINESS

Equity International is a private investment management firm, including several investment advisory entities and certain other organizations affiliated with the Management Company (collectively, “**Equity International**”). Equity International’s predecessor commenced operations in June 1999.

The Management Company, a Delaware limited liability company and a registered investment adviser, provides discretionary investment advisory services to private investment funds. The Management Company commenced operations in November 2005.

The following are the affiliated advisers of the Management Company (collectively with the Management Company, the “**Advisers**”):

- EI Fund II GP, LLC (“**GP II**”);
- EI Fund III GP, LLC (“**GP III**”);
- EI Fund IV GP, LLC (“**GP IV**”); and
- EI Fund V GP, LLC (“**GP V**,” and together with GP II, GP III and GP IV, the “**General Partners**”).

The Advisers’ clients include the following private investment funds (collectively the “**Partnerships**,” and together with any future private investment fund to which Equity International provides investment advisory services, the “**Private Investment Funds**”):

- EI Fund II, L.P. (“**Fund II**”);
- EI Fund III, L.P. (“**Fund III**”);
- EI Fund IV, L.P. (“**Fund IV**”); and
- EI Fund V, L.P. (“**Fund V**”).

The General Partners each serve as general partner to one or more Partnerships and have the authority to make the investment decisions for the Partnerships to which they provide advisory services. GP V is also the general partner of an investment vehicle (the “**Co-Invest Fund**”) being formed in order to facilitate the co-investment of certain personnel and owners of the Management Company in certain Fund V investments. The Co-Invest Fund is further described in “Performance-Based Fees and Side-by-Side Management” below.

The Management Company provides the day to day advisory services for the Partnerships. Each General Partner is registered under the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Management Company. References to the strategy and operations of the General Partners throughout this Brochure should be read to include the activities of the

Management Company and other Equity International affiliates that collectively engage in the investment process and ongoing management of the Partnerships' portfolio companies.

The Management Company also advises EI Fund II Feeder, L.P., EI Fund III Feeder, L.P., EI Fund IV Feeder, L.P. and EI Fund V Feeder, L.P. (each a "**Feeder Fund**" and collectively, the "**Feeder Funds**"). The Feeder Funds were formed to invest directly into the applicable Partnership as a limited partner. The terms applicable to an investment in a Feeder Fund are substantially similar to the terms of an investment in the relevant Partnership, and accordingly, references herein to the activities of the Partnerships should be read to include the activities of the Feeder Funds unless otherwise noted. In addition, certain special purpose general partner entities were formed to act as general partners to the Feeder Funds. To the extent applicable, references herein to the activities of the General Partners should be read to include the activities of the general partners of the Feeder Funds unless otherwise noted.

The Partnerships and any other Private Investment Funds are expected to invest through negotiated transactions in operating entities. The Advisers' investment advisory services to the Partnerships consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted. The senior principals or other personnel of the Advisers or their affiliates oftentimes serve on a portfolio company's boards of directors or otherwise act to influence control over management of portfolio companies held by the Partnerships.

The Advisers' advisory services for Private Investment Funds are further described in the applicable private placement memoranda and limited partnership agreements, as well as below under "Methods of Analysis, Investment Strategies and Risk of Loss" and "Investment Discretion." Investors in the Partnerships participate in the overall investment program for the applicable Partnership. The Private Investment Funds or the Advisers may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing a Private Investment Fund's limited partnership agreement (the "**Partnership Agreement**").

As of December 31, 2011, the Advisers managed approximately \$742,183,000 billion in client assets on a discretionary basis. The Management Company is principally owned by trusts and other entities established by or for the benefit of Sam Zell and members of his family and affiliates of The Olayan Group, a privately held multinational organization.

FEES AND COMPENSATION

In general, the Management Company receives a Management Fee (as defined below) and each General Partner receives a carried interest in connection with advisory services.

The limited partners of the Feeder Funds bear no Management Fee or carried interest at the Feeder Fund level but, rather, bear the applicable Feeder Fund's pro rata share of the Management Fee and carried interest applicable to such Feeder Fund's investment in the relevant Partnership.

The following is a general description of fees, compensation and expenses of the Partnerships. Differences exist from Partnership to Partnership, and certain Partnerships may not charge certain fees, compensation or expenses that other Partnerships charge. The Partnership Agreements of the Partnerships describe fees, compensation and expenses in greater detail.

Management Fee

During each Partnership's investment period, each Partnership pays the Management Company a management fee (the "**Management Fee**"), payable quarterly in advance, equal to 2.0% (1.75% with respect to Fund II) on an annual basis of aggregate Partnership investor capital commitments (as described in the applicable Partnership Agreement) (the "**Commitments**"). Investors participating in a closing after the initial closing bear the Management Fee from the initial closing. Upon the occurrence of certain events as specified in the Partnership Agreement of the relevant Partnership, the Management Fee will equal 2.0% (1.75% with respect to Fund II) of the aggregate amount of capital contributions, less any capital contributions called to fund the Partnership's costs (direct or indirect) to acquire any portion of an investment of the Partnership which has been the subject of a disposition which results in a distribution to the partners or a permanent write-off for U.S. federal income tax purposes (including an allocable portion of the previously paid Management Fees (as reasonably determined by the General Partner) to such acquisition costs) but excluding in such calculation of cost any debt-financed components thereof. The Management Fee will be payable until the proceeds of all portfolio investments are distributed or until the General Partner's relationship with the Partnership is terminated for other reasons (as described in the applicable Partnership Agreement). Installments of the Management Fee payable for any period other than a full three-month period are adjusted on a *pro rata* basis according to the actual number of days in such period. The Co-Invest Fund is not charged a Management Fee.

The Management Fee will be reduced by any origination, acquisition, disposition, financing, break-up and similar transaction fees (such fees, "**Transaction Fees**") received by the Management Company, the General Partners or certain of their affiliates from portfolio companies, provided that such fees will initially be used to reimburse the Management Company for any Partnership expenses originally borne by the Management Company and not otherwise reimbursed. To the extent that such an offset would reduce the Management Fee for a given Management Fee period below zero, such unapplied Transaction Fees will be applied to the account of the relevant Partnership. The Management Company, the General Partners or certain of their affiliates may receive and retain certain other fees in connection with services provided to a Partnership as described in greater detail under "Methods of Analysis, Investment Strategies and Risk of Loss -- Conflicts of Interest" below.

Carried Interest

The General Partner of each Partnership will receive a carried interest with respect to such Partnership equal to 20% of all profits in excess of a 9% compound preferred return (provided that in the case of Fund IV, the General Partner's carried interest is increased to 25% if a 20% compound preferred return is achieved), subject to a General Partner catch-up provision, as more fully described in the Partnership Agreement of the applicable Partnership. The carried interest distributed to the General Partner is subject to a potential giveback at the end of the life

of the Partnership if the General Partner has received excess cumulative distributions. The Co-Invest Fund is not subject to carried interest.

It is expected that any similar future Private Investment Funds will have a similar Management Fee and carried interest structure.

Other Information

The Partnerships and other Private Investment Funds invest on a long-term basis. Accordingly, Management Fees and other compensation are expected to be paid, except as otherwise described in the Partnership Agreement, over the term of the relevant Partnership (or the relevant Private Investment Fund, as applicable) and investors generally are not permitted to withdraw or redeem interests in such Partnership (or other relevant Private Investment Fund, as applicable).

Principals or other employees of Equity International may receive a portion of the Management Fee, carried interest or other compensation received by the General Partners, the Management Company or their affiliates.

In addition to the Management Fee payable to the Management Company and carried interest payable to the General Partners, each Partnership bears certain expenses. As more fully set forth in the applicable Partnership Agreement, each Partnership bears all expenses to the extent not paid by portfolio companies, including: (i) organizational expenses up to the expense cap specified in the Partnership Agreement (excess fees are paid by the Partnership and offset against future management fees but placement agent fees, if any, are paid solely by the applicable General Partner); (ii) all costs and expenses incurred in developing, negotiating and structuring investments, whether consummated or not consummated, and acquiring, holding, managing, financing, refinancing, disposing of or otherwise dealing with investments, including costs of servicing indebtedness (including the repayment of principal at maturity thereof) and costs and expenses relating to any credit facilities and any investment banking, due diligence, tax structuring, appraisal, engineering, environmental, travel, legal and accounting expenses, any deposits and commitment fees and other fees and out-of-pocket costs related thereto, and the costs of rendering financial assistance to or arranging for financing for any assets or businesses constituting investments or for working capital or other purposes of the Partnership; (iii) all costs and expenses incurred in monitoring investments; (iv) taxes, fees and other governmental charges levied against the Partnership; (v) all costs and expenses related to litigation and threatened litigation involving the Partnership; (vi) all costs and expenses associated with third party accountants, attorneys, tax advisors and data processors with respect to the Partnership and its activities; (vii) all costs and expenses associated with the meetings and operations of the advisory committee of limited partners (the “**LP Committee**”); (viii) brokerage commissions and other investment costs incurred by or on behalf of the Partnership and paid to third parties; (ix) all costs and expenses associated with obtaining and maintaining insurance (including liability insurance); (x) all indemnification costs and expenses; (xi) fees incurred in connection with the maintenance of bank or custodian accounts; (xii) all costs and expenses incurred in connection with the registration of the Partnership’s securities under applicable securities laws or regulations; and (xiii) all other expenses of the Partnership. In addition, each applicable Partnership will also generally bear the expenses of a Feeder Fund formed to invest in such

Partnership. Brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

As more fully set forth in the applicable Partnership Agreement, the General Partners, the Management Company and their affiliates bear the following ordinary day-to-day expenses incidental to the administration of the Partnerships: (a) all costs and expenses relating to office space, facilities, utility service, supplies, necessary administrative and clerical functions in connection with the General Partners’ and Management Company’s activities, directors’ and officers’ liability or other similar insurance covering the Management Company or its affiliates and certain other specified expenses; and (b) compensation of, and provision of benefits to, all employees of the Management Company who are engaged in the operation or management of the Partnerships’ activities.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “Fees and Compensation,” the General Partners may receive a carried interest allocation on certain profits in the Partnerships. As noted above, GP V is also the general partner of the Co-Invest Fund. The Co-Invest Fund is not charged a Management Fee and is not subject to carried interest. This could create an incentive for GP V to favor Fund V over the Co-Invest Fund. However, as further described in the Fund V Partnership Agreement, the Co-Invest Fund generally makes a pro rata investment in each of the Fund V investments made after the launch of the Co-Invest Fund at substantially the same time and on substantially the same economic terms as Fund V. Therefore, the Management Company does not believe Fund V creates a conflict of interest with respect to the Co-Invest Fund. Many of the disclosures in this Brochure with respect to the Partnerships, including disclosures regarding methods of analysis and investment strategies, risks of investments, certain of the conflicts of interest and brokerage practices, also apply to the Co-Invest Fund.

TYPES OF CLIENTS

The Advisers provide investment advice to Private Investment Funds, including the Partnerships. Private Investment Funds are investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The investors participating in Private Investment Funds may include individuals, banks or thrift institutions, university endowments, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of the Advisers and their affiliates.

Each Partnership (as well as its associated Feeder Fund) has a minimum investment of \$5 million for third-party investors (\$10 million in the case of Fund V), which may be waived by the General Partner. In most circumstances, investors in the Partnerships must meet certain suitability and net worth qualifications prior to making an investment. Generally, investors must be (i) “accredited investors” as defined under Regulation D of the Securities act of 1933, as amended and (ii) either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Equity International is a private investment firm focused on real-estate related investments outside of the United States in the form of entity-level operating companies. The Advisers' investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions for investments. Investments are predominantly of non-public companies although investments in public companies are permitted.

The Advisers' investment strategy for the Partnerships focuses on minority investments with an average size of \$25 million to \$75 million in real-estate related companies in emerging and developing markets. The Advisers typically make six to eight investments for each Partnership, which generally provide 20% to 50% ownership in a given portfolio company, although a Partnership may acquire more than 50% of the ownership of a given portfolio company. The Advisers' strategy entails co-investing alongside various operating and capital partners.

The following is a summary of the investment strategies and methods of analysis generally employed by the Advisers on behalf of the Partnerships. More detailed descriptions of the Partnerships' investment strategies and methods of analysis are included in the applicable private placement memorandum and Partnership Agreement for each Partnership. *There can be no assurance that the Advisers will achieve the investment objectives of the Partnerships, and a loss of investment may be possible.*

Investment and Operating Strategy

Proactive origination and utilization of brand value. Equity International has developed strong origination capabilities derived from long-standing relationships in the financial and real estate industries. The Advisers expect to actively manage this network of relationships with financial institutions, existing partners, local operators, investors, legal and accounting professionals, and real estate service providers to generate substantial deal flow for the Partnerships. Typically, the investments pursued by the Advisers are noncompetitive, generated from their relationship network and established reputation, and usually involve companies seeking not only capital, but also a strategic partner able to enhance the growth and value prospects for their company.

Extensive due diligence and underwriting. While investing in emerging markets requires significant due diligence in order to effectively understand and evaluate the associated risk, it is often complicated by an overall lack of transparency and limited availability of information. Despite these challenges, Equity International believes it has developed the ability to access and understand the information needed to make an informed investment decision. Typical underwriting and evaluation includes a detailed analysis of the existing assets and liabilities, financial performance, forward projections, business plan, background studies of key managers and shareholders, financial and legal review, and investigation of accounting and operating systems. In addition to employing traditional valuation methods, the Advisers produce a full

financial model to project and assess capital requirements, use of proceeds, prospective growth and projected returns. The Advisers utilize a fully-integrated transaction team comprised of their own professionals across relevant disciplines and leverages, when and as needed, third-party resources under the direct supervision and management of Equity International.

Comprehensive risk assessment and management. While investing in developing markets carries unique and substantial risk, the Advisers believe that they have developed expertise in identifying, managing and attempting to mitigate these various risks. These typically include partner, sector, country, capital, political, financial, currency, legal, tax and regulatory considerations, all of which can significantly impact invested capital. Certain aspects of risk management are inherent in Equity International's overall business model and investment strategy, such as focusing on countries and regions with favorable macroeconomic and demographic characteristics, high levels of investment discipline and selectivity, and co-investing with local partners who have proven expertise in navigating unique regional or country-specific environments or challenges. Others have been developed and refined by the management team through its experience operating in numerous developing markets during economic and political environments that have realized dramatic change over the past decade, both globally and from country to country. The Advisers use these resources to identify and attempt to mitigate potential risks, and to respond appropriately to any events or related challenges. To the extent that risks are identified that cannot be addressed in advance, the Advisers make a determination of acceptable levels of tolerance.

Common equity and simple capital structures. The Advisers seek to work closely with each portfolio company from an early stage to develop a detailed business plan that identifies the capital needs and requirements of the business going forward. Prior to committing capital, the Advisers endeavor to spend significant time ensuring that the investment is appropriately sized for the company and explore complementary capital sources (debt and/or equity) as necessary to ensure proper capitalization. The Advisers consider their invested capital and related efforts as a critical contribution to position their portfolio companies for the successful acceleration of growth, profitability and industry leadership. The Advisers prefer to structure, when possible and practicable, their invested capital as common equity to achieve alignment with their partners and management teams and to effectively manage the risk related to potential volatility and a long-term investment horizon. The Advisers believe that overly complicated and highly structured transactions in emerging markets often present uncompensated risk in the event that outcomes do not occur as expected.

Efficient tax and legal structures. The Advisers recognize the importance and benefit of achieving efficient flow of their invested capital. The Advisers believe they have developed strengths in constructing and implementing flexible tax and legal structures (at both the fund and portfolio company level) that generally enable cost-efficient and legally secure repatriation of invested capital. Before making a commitment to invest and as part of the underwriting and due diligence process, the Advisers complete their tax and legal structuring activities as their potential impact on both economics and execution is often critical to investment success.

Active and integrated portfolio management. Beyond efforts to add and create value, the Advisers' active management of their investments includes substantial influence and approval rights relating to strategic direction, ongoing operations and the management organization. This

is typically accomplished through representation on the portfolio company's board of directors and close, regular interaction with management. While this interaction is often informal as it relates to ongoing communication, it also may extend to formal representation on the portfolio company's investment or other internal committees. This allows the Advisers to continue their involvement in, and monitoring of, transactions and overall portfolio company performance. Additionally, this close, ongoing interaction with the portfolio companies well-positions the Advisers to provide strategic input and to make informed decisions related to capitalization and monetization.

Risks of Investment

A Partnership and its investors bear the risk of loss that the applicable Advisers' investment strategy entails. The risks involved with the Advisers' investment strategy and an investment in a Partnership are detailed in the Partnership's private placement memorandum. In general, the risks applicable to each Partnership and the activities of its related General Partner and the Management Company include, but are not limited to:

Economic, social and political conditions in emerging market countries could adversely affect the portfolio companies.

Certain of the countries and regions in which the Partnership invests have experienced and may in the future experience fluctuation and instability (including deterioration) in their economies (ranging from mild to severe), which in some cases includes extremely high inflation or collapses in real estate prices, credit markets, stock prices, currencies and/or consumer spending. Governments of emerging market countries may intervene to change monetary, fiscal, credit and tax and other policies to influence the economy of such countries. Any investment in a foreign country involves the risk of adverse social and political developments, including nationalization, confiscation without fair compensation, political and social instability and war. Certain countries in which the Partnership may invest have experienced in the past, are experiencing currently, and/or may in the future experience social and political instability that could adversely affect the Partnership's investments in such countries. The portfolio companies may also be adversely affected by:

- Inflation;
- Exchange rate fluctuations;
- Negative diplomatic developments;
- Exchange controls and restrictions on remittances abroad;
- Expansion or contraction of the economy, as measured by GOP growth rates;
- Energy rationing;
- Fiscal or monetary policy and amendments to the tax legislation;

- Interest rates;
- Liquidity of domestic and foreign capital and lending markets;
- Expropriation of privately owned land; and
- Environmental and sanitary laws and regulations.

Thus, such uncertainties and other future events in the economies of emerging market countries may have a material adverse effect on the portfolio companies' business and results of operations.

While the General Partner believes that these negative economic and other conditions could result in significant investment opportunities that could produce attractive returns, there can be no assurance that these countries may not experience further economic and other difficulties.

Developments and perceptions of risk in other countries, especially in emerging market countries and the U.S., could have a negative impact on the results of operations and financial condition of the portfolio companies.

The market prices of securities in countries in which a portfolio company operates are influenced by economic and market conditions in other countries, particularly other emerging market countries, as well as the U.S. Although economic conditions in these other countries may differ significantly from economic conditions in countries in which a portfolio company operates, the reaction of investors to events in these other countries may have an adverse effect on the market value of securities a portfolio company. Crises in other emerging market countries could diminish investors' interest in securities of issuers operating in countries in which a portfolio company operates.

In the past, the development of adverse economic conditions in emerging market countries resulted in a significant flow of funds out of such countries. The financial crisis that began in the U.S. in the third quarter of 2008 created a global recession. Changes in the prices of common shares of public companies, lack of available credit reductions in spending, the general slowdown of the global economy, exchange rate instability and inflationary pressure may adversely affect, directly or indirectly, the economy and securities markets in emerging market countries. In addition, financial institutions may be unable to renew, extend, or grant new lines of credit under economically favorable conditions, or may even be unable or unwilling to honor existing obligations.

Any of these factors could adversely affect the value of the Partnership's investments in the portfolio companies, and could also make it more difficult for the portfolio companies to access the capital markets and finance their operations in the future on acceptable terms, or at all.

Laws and regulations regarding investments in assets, businesses and securities of foreign countries are different from those of the U.S. and could adversely affect the Partnership.

Investments in assets, businesses and securities in countries in which the Partnership expects to invest will be subject to laws and regulations that may be substantially different from those of the U.S. The Partnership could experience significant legal difficulties and impediments in enforcing its rights with respect to its investments, including the Partnership's governance, veto and other rights with respect to the portfolio companies. Among other things, the laws in these countries with respect to the rights of investors may not be as comprehensive or as well developed as in the U.S. The Partnership is likely to hold minority interests in the portfolio companies. The protections afforded to minority shareholders under laws of such countries may be different from those in the U.S. In particular, the legal framework and case law pertaining to disputes between shareholders and companies and their directors, officers or controlling shareholder, if any, may be less developed than U.S. law and there may be different procedural requirements for bringing shareholder lawsuits, such as shareholder derivative suits, which differ from those investors may be familiar with under U.S. and other laws. As a result, in practice it may be more difficult for the Partnership, as a minority shareholder of the portfolio companies, to enforce its rights against a company and its directors, officers or controlling shareholders in such countries than it would be for shareholders of a U.S. company. Furthermore, contracts and other agreements governing the rights of the Partnership may be written in a local language and the Partnership will have to rely on translations of such documents, errors in which could restrict the ability of the Partnership to understand and enforce its rights. To the extent a dispute with local partners, portfolio companies or other local third parties results in litigation, a local court may exhibit bias against foreign litigants.

In addition, the laws and regulations of the countries in which the Partnership expects to invest may impose restrictions or approvals that would not exist in the U.S. and may require financing and structuring alternatives that differ significantly from those customarily used in the U.S., resulting in more complex investment structures and higher transaction costs. The laws and regulations of such countries may also include special protective procedures or rights in favor of certain groups or classes (i.e., employees, secured creditors), which procedures or rights may be adverse to the Partnership. There can be no assurance that risks associated with the legal systems of the countries in which the Partnership expects to invest may not have a material adverse effect on the Partnership's investments.

Companies and businesses in markets outside the U.S. generally are subject to accounting, auditing, financial disclosure and internal control standards that differ, in some cases significantly, from those in effect in the U.S. In particular, the asset values and profits appearing on the financial statements of a foreign fund or business may not be comparable to the asset values and profits that would be reflected under generally accepted accounting principles in the U.S. Moreover, substantially less information may be publicly available about foreign businesses and property markets than is available with respect to comparable U.S. businesses and property markets. These differences and limitations may adversely affect the Partnership's ability to find, assess and manage appropriate investment opportunities and may adversely affect the value and liquidity of the Partnership's investments.

Exchange rate instability and foreign restrictions on repatriation of investment income may adversely affect the Partnership and the portfolio companies.

Certain of the countries in which the Partnership may invest currently have restrictions on or impose procedural requirements with respect to the repatriation of investment income or capital, and may impose restrictions on the ability of foreign persons to invest in certain types of companies, assets or securities. Repatriation of investment income, capital and the proceeds of sale by foreign investors may require governmental registration and approval in some countries. Prior government approval for foreign investments may be required under certain circumstances in some countries, and the process of obtaining these approvals may require a significant expenditure of time and resources. Furthermore, investments in companies operating in emerging and developing market countries may require significant government approvals under corporate, securities, exchange control, foreign investment and other similar laws and may require financing and structuring alternatives that differ significantly from those customarily used in more developed countries. In addition, in certain countries such laws and regulations have been subject to frequent and unforeseen change potentially exposing the Partnership to restrictions, currency controls, taxes and other obligations that were not anticipated at the time the initial investment was made. While the Partnership will attempt to structure its investments so as to minimize the impact of these restrictions, these restrictions may nonetheless adversely affect the Partnership's ability to make or dispose of investments on advantageous terms or at times of its choosing or to repatriate income or capital from investments.

As a result of several inflationary pressures, the currencies of many emerging market countries have been devalued periodically relative to the U.S. dollar and other strong currencies during the last four decades. Throughout this period, the governments of emerging market countries have implemented various economic plans and adopted a number of exchange rate policies, including sudden devaluations, periodic mini-devaluations (during which the frequency of adjustments has ranged from daily to monthly), floating exchange rate systems, exchange controls and dual exchange rate markets. From time to time, there have been significant fluctuations in the exchange rate between such currencies and the U.S. dollar and other strong currencies. As a result, the currencies of countries in which the Partnership expects to invest may depreciate or appreciate against the U.S. dollar substantially in the future. Exchange rate fluctuations will affect the U.S. dollar equivalent of the local price of shares of certain of the portfolio companies as well as the U.S. dollar equivalent of any distributions made in local currencies with respect to shares of certain of the portfolio companies. In addition, the portfolio companies will have revenue streams, operating expenses and/or debt denominated in local currencies and some portfolio companies may have income denominated in different currencies than their expenses. As a result, the return realized by the Partnership on any investment may be adversely affected by movements in currency exchange rates, costs of conversion and exchange control regulations, in addition to the performance of the investment itself. Moreover, the Partnership may incur costs when converting from one currency to another, including in instances where commitments and/or purchase prices are denominated in the local currency and the exchange rate moves between the time when such commitments or prices are agreed upon and when such commitments or prices are paid. As a result, exchange rate fluctuations may adversely affect the economies of emerging market countries as a whole, as well as the financial condition of the Partnership.

Hedging Policies/Risks.

Real estate historically has experienced significant fluctuations and cycles in value. The ultimate performance of the portfolio companies will be subject to the varying degrees of risk generally incident to the ownership and operation of real property. The ultimate value of income-producing real property depends upon the real property owner's ability to operate the real property in a manner sufficient to maintain or increase revenues in excess of operating expenses and debt service or, in the case of real property leased to one or more lessees, the ability of the lessee to make rental payments. Revenues may be adversely affected by changes in national or international economic conditions; changes in local market conditions due to changes in general or local economic conditions and neighborhood characteristics; the financial condition of tenants, buyers and sellers of properties; competition from other properties offering the same or similar services; uncertainty of title; limited availability of title insurance; changes in interest rates and in the availability, cost and terms of mortgage funds; the impact of present or future environmental legislation and compliance with environmental laws; the need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; energy and supply shortages; risks and operating problems arising out of the presence of certain construction materials; structural or property level latent defects; obsolescence of properties; civil unrest; acts of God, including earthquakes, hurricanes and other natural disasters; acts of war; acts of terrorism (any of which may result in uninsured losses); adverse changes in planning or zoning laws and laws related to licensing issuance; and other factors that are beyond the control of the portfolio companies. Environmental laws may result in delays, may cause the portfolio companies to incur substantial costs and may prohibit or severely restrict commercial and residential projects activities in environmentally sensitive regions. The environmental laws in countries in which a portfolio company operates may have a joint, several and strict liability regime. In other words, activities damaging to the environment, even in the absence of fault, result in individual liability to each liable party for the entire damages. Under this system, anyone who finances any environmentally damaging activities, having knowledge of the damages caused, may be held liable for the environmental damages caused by the financed activity. Moreover, environmental liability in certain countries is considered *propter rem* (*i.e.*, connected to the property). Thus, if the portfolio companies, by any means, acquire real estate properties in such countries, the portfolio companies will succeed to the former owner's environmental liability, if any, for the clean up of the soil and underground water or recovery of the forestry resources of the area and possible indemnification to third parties as a result of the damage caused. In the event that any of the assets in which a portfolio company holds any interest experiences any of the foregoing events or occurrences, the value of and return on the portfolio companies' investments would be negatively impacted.

The portfolio companies may be subject to risks related to real estate development.

The portfolio companies may engage in real estate development. To the extent that the portfolio companies invest in such development activities, they will be subject to the risks normally associated with such activities. Such risks include, without limitation, those relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the portfolio companies, such as weather or labor conditions or material shortages) and the availability of both construction and

permanent financing on favorable terms. Furthermore, the quality of work in the construction of real estate projects and the timely completion of these projects, are major factors that determine the reputation, and therefore sales and growth, of many of the portfolio companies. Defects in materials and/or workmanship and delays in the construction of such projects may occur. Any defects could delay the completion of these real estate projects, or, if such defects are discovered after completion, expose these portfolio companies to civil lawsuits by purchasers or tenants. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the portfolio companies. In addition, the portfolio companies often rely on third party contractors to develop and construct real estate projects. Accordingly, many of these risks of development and construction will be outside of the direct control of the portfolio companies and may be exacerbated depending on the integrity and solvency of the third party contractors engaged by the portfolio companies. Such risks may also be exacerbated by the fact that the portfolio companies may be investing in countries where access to requisite approvals and financing are not as readily available as they may be for similar investments in U.S. properties under development or properties acquired to be developed may generate little or no cash flow from the date of acquisition through the date of completion of development, if completed, and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that makes such development less attractive at the time it began. In addition, the laws of certain countries may require the portfolio companies, as the developer of a particular property, to provide a warranty with respect to any structural defects to the buyers and/or tenants of such developed property. The occurrence of any such events may also have an adverse effect on the portfolio companies and, therefore, the Partnership to the extent of its investment in an affected portfolio company.

The real estate and real estate development markets are highly competitive and the success of the Partnership's portfolio companies will depend on their ability to realize their growth potential. The main competitive factors in the real estate development business include availability and location of land parcels, terms and availability of financing, characteristics of the projects, quality of the developed properties, reputation of the developer and ability to enter into joint ventures with other developers. The portfolio companies that engage in development activities will compete with a number of residential and commercial developers and real estate companies in seeking land for acquisition, obtaining financial resources for development and identifying prospective buyers and tenants. Other companies, including foreign companies working in joint ventures with local companies, may become active in the real estate development business in the near future, further increasing competition in this industry. Competitors may successfully acquire land, develop and design competing projects offering the market a superior value proposition, whether in terms of price, location, product design or any combination of factors.

If a portfolio company is not able to respond effectively to competitors, the portfolio company's financial condition and results of operations could be materially and adversely affected.

The real estate industry in a particular country may be subject to extensive building and zoning regulations imposed by applicable federal, state and principally municipal authorities that govern land acquisition, development and construction activities primarily through zoning

restrictions, license requirements and consumer protection laws. In addition, zoning and environmental laws may change after the acquisition of a parcel of land and before its development, causing delays and modifications to the originally proposed project, which may have an adverse effect on the portfolio companies. The portfolio companies may be required to obtain the approval of various governmental authorities for development projects. New laws or regulations could be adopted, enforced or interpreted in a manner that could adversely affect the portfolio companies.

The real estate industry is highly competitive, which could present a threat to the portfolio companies' market position and their expansion strategy.

The real estate market in many emerging countries is highly fragmented, and lacks high-entry barriers that would restrict new competitors from entering the market. The capital markets have attracted substantial debt and equity investments in the real estate markets of many emerging countries, which has intensified competition within such markets. Increased competition in the real estate markets of emerging countries by current and future competitors of the portfolio companies, including foreign competitors, could erode the profitability of the portfolio companies by increasing land acquisition costs, or making it impracticable to acquire new land for real estate development on advantageous terms. Increased competition may also cause significant overbuilding which may result in increased vacancy rates, decreased sales volumes or prices and decreased rental rates. Competition may also impact the profitability of the portfolio companies' operations by reducing the prices the portfolio companies are able to realize for real estate assets and by increasing marketing costs. All of these risks could adversely affect the portfolio companies.

Furthermore, some of the competitors of the portfolio companies might obtain access to financial resources under better conditions than the portfolio companies and, consequently, establish a capital structure that is better able to adapt to market pressures, principally in periods of instability in the real estate markets of emerging countries.

The unavailability of debt or equity financing in the real estate market may have an adverse effect on the portfolio companies' financial condition and results of operations and growth.

The portfolio companies will depend on a variety of factors outside their control in order to operate their business. These factors include the availability of debt or equity financing in capital markets on attractive terms to the portfolio companies, when needed, for the development of new real estate projects and to customers of the portfolio companies for the acquisition of the portfolio companies' units. The portfolio companies will also rely on their customers to make timely payments on residential and commercial units that they buy for which the portfolio companies provide financing. Any scarcity of market resources may decrease the portfolio companies' sales capacity due to difficulties in obtaining debt and equity financing on attractive terms for construction or land acquisition, or due to fewer launchings of new projects. The combination of these risks could reduce the portfolio companies' earnings and liquidity, which could adversely affect the portfolio companies.

A portfolio company's ability to obtain the debt or equity financing necessary on a timely basis on attractive terms will depend upon lenders' and other investors' assessments of such company's creditworthiness and prospects and, with respect to any secured borrowings, the lenders' assessments of such company's assets underlying such borrowings. The portfolio companies' failure to obtain debt or equity financing at the contemplated levels, or to obtain debt or equity financing, or to refinance existing debt, on attractive terms, could have a material adverse effect on the portfolio companies (including resulting in the portfolio companies defaulting on their obligations).

Portfolio companies may be unable to adequately insure against certain catastrophic losses.

Uninsured and underinsured losses could harm the portfolio companies' financial condition, results of operations and ability to make distributions to its investors. It is expected that the portfolio companies will maintain liability, fire, flood, extended coverage and rental loss insurance with insured limits and policy specifications that such portfolio companies believe are customary for similar properties. However, certain losses of a catastrophic nature, such as wars, natural disasters, terrorist attacks or other similar events, may be either uninsurable or, insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. If a major uninsured loss occurs or a loss in excess of insured limits occurs, portfolio companies could lose both invested capital in and anticipated profits from the affected investments. In that event, the portfolio companies might nevertheless remain obligated for any notes payable or other financial obligations related to the investment, in addition to obligations to the portfolio companies' ground lessors, franchisors and managers. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the portfolio properties pledged as collateral for loans, and other factors might also keep the portfolio companies from using insurance proceeds to replace or renovate an investment after it has been damaged or destroyed. Under those circumstances, the insurance proceeds a portfolio company receives might be inadequate to restore the portfolio company's economic position on the damages or destroyed investment.

The Partnership will be exposed to the risks associated with investing in operating companies.

The real estate-related companies in which the Partnership invests may be small or early-stage companies that may be highly vulnerable to changes in markets and dependent on the skills and commitment of small management teams. In addition, the portfolio companies may have limited operating histories or apply proven business models in new contexts and settings. Accordingly, the investments will be subject to various risks associated with the management of operations of such companies including, but not limited to, employee related issues and operational liabilities. Although the Partnership will generally participate in the strategic direction of the portfolio companies and have representation on their respective boards of directors and, in the case of private companies, approval over major decisions, the Partnership will generally have no actual control over the portfolio companies and will rely upon the portfolio companies' local management teams and board of directors to operate the portfolio companies. The portfolio companies may rely upon key managers who possess significant knowledge of the portfolio company's operations and have relationships that are important for

originating new business and growing the portfolio company's portfolio. There can be no assurance that such management will continue to operate the companies successfully or will remain in place.

The Partnership may invest in debt or equity securities of companies which may be undergoing restructuring or require additional capital and active management. These securities are subject to various inherent risks, including the following: (a) equity and debt securities of these companies fluctuate in value, often based on factors unrelated to the issuer of the securities, and such fluctuations can be significant; (b) such securities generally may be subject to risks with respect to the issuing of equity; and (c) the market for these securities may be less liquid than that of other higher rated or more widely followed securities. The return from such investments may be less certain or subject to greater variances than other investments and there can be no assurance that the Partnership's investment objectives will be realized or that there will be any return of capital to the investors.

Use of cash by the portfolio companies may not provide incremental value to the Partnership or result in dividends.

A significant portion of the cash flow of a portfolio company may be used to amortize debt, and some or all residual cash flow will be used for reinvestment by the portfolio companies. These activities may or may not generate incremental equity value or profit to shareholders (including the Partnership). As a result, the company does not generally expect to receive dividends from the portfolio companies in the foreseeable future. The Partnership will be largely dependent upon the capital appreciation of the portfolio companies' assets and a liquidity event to realize a return on investment.

The Partnership may not achieve diversification in its investments.

Although diversification will be a factor in the Partnership's investment decisions, originating and maintaining a diverse portfolio will not be the Partnership's primary focus. The Partnership will evaluate investment opportunities based on the merit of the investment rather than the effect such investment will have on the Partnership's existing portfolio.

The Partnership's investments will be limited to real estate-related companies that operate primarily outside of the U.S. and real estate assets located outside of the U.S. However, there can be no assurances that the Partnership's investments will be geographically diversified. A consequence of the potential lack of geographic diversification in the Partnership's investments is that the aggregate returns realized by limited partners may be substantially adversely affected by changes in the economic, social and political conditions in a particular geographic region.

The Partnership will be subject to certain limitations on the percentage of its capital that may be invested in any single investment. However, the Partnership's capital will likely be concentrated in relatively few investments. A consequence of a limited number of investments or similar investments is that the aggregate returns realized by limited partners may be substantially adversely affected by the unfavorable performance of a small number of these investments.

Furthermore, as investments are sold or in the event certain investments appreciate more rapidly than others, there may be resultant concentrations of the Partnership's remaining investments, thereby limiting the diversity of the Partnership's portfolio.

The success of the Partnership will be dependent on the availability of and the degree of competition for, attractive investments.

The Partnership will be engaged in competitive businesses and will be competing for attractive investments. The Partnership will compete with traditional investors and private equity firms, as well as other companies with similar investment objectives, some of which may have greater financial resources than the Partnership. The Partnership will face competition from other companies (potentially including portfolio companies of other Private Investment Funds), funds, real estate investment trusts and other entities engaged in the acquisition of real estate and other real estate-related businesses. These competitors may affect the supply/demand dynamics, consequently increasing the price at which the Partnership may acquire investments, thereby reducing their profitability. These factors may affect the Partnership's ability to invest the Commitments.

The Partnership may only have access to limited information in relation to the portfolio companies.

While members of the management team are expected to serve on the boards of directors of certain portfolio companies and the Partnership intends to become actively involved in the operation of such portfolio companies, the information available to the Partnership in order to assess the value of its investment may be limited to that which is provided to the Partnership by the portfolio company. In addition, to the extent a portfolio company is publicly held, the Partnership may have no special rights to receive information concerning these portfolio companies or investments other than information available to the public. The Partnership will have limited or no ability to verify the accuracy and completeness of any such information it receives.

The Partnership expects to conduct limited due diligence in connection with certain investments and any due diligence that the Partnership does undertake may not reveal all facts that may be relevant in connection with an investment.

The Partnership expects to conduct due diligence investigations with respect to prospective investments to, among other things, identify attractive investment opportunities based on the facts and circumstances surrounding an investment, identify key business and legal risks, and to prepare a framework that may be used from the date of an acquisition to drive operational achievement and value creation. When conducting due diligence, the Partnership will generally evaluate a number of important business, financial, tax, accounting, environmental and legal issues in determining whether or not to proceed with an investment. Outside consultants, legal advisers, accountants and investment banks will be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Partnership will be required to rely on resources available to it, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence

process may at times be subjective with only limited information available and may be complicated by language and other cultural barriers.

In addition, to the extent the Partnership invests in public portfolio companies, it may only have had the opportunity to carry out a limited due diligence exercise prior to making an investment and may need to rely upon publicly available information. There can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise or that such information will remain accurate in the period from conclusion of the due diligence exercise until the making of the investment.

Actual or uncertain potential risks or liabilities which may have become apparent during due diligence (for example tax, environmental, capital expenditure or other risks or costs) may not have been reflected, fully or at all, in the purchase price of the relevant investment, or protected against through contractual arrangements, and the value of the investment in the Partnership's portfolio may be reduced. Similarly, the Partnership may have made decisions about the materiality of contingent or actual risks or liabilities identified during due diligence that may not in practice turn out to have been accurate.

Accordingly, the Partnership cannot assure investors that the due diligence investigation, if any, that the Partnership will carry out with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. The Partnership also cannot assure investors that such an investigation will result in an investment being successful.

The Partnership may receive limited or no representations and warranties with respect to the acquisition of investments.

The agreements which the Partnership enters into in making investments in portfolio companies may contain only limited representations and warranties in favor of the Partnership. A seller's liability may be limited in, for example, time and amount, and the agreements may contain limited or no other contractual protection. In addition, there can be no assurance as to the ability of the Partnership's contractual counterparty to satisfy any claims which may be made under any such agreement. To the extent the Partnership acquires shares of portfolio companies in open market transactions, the Partnership will receive no contractual protections and its recourse will be limited to claims, if any, available under applicable securities laws.

It may be difficult for the Partnership to dispose of its investments in the portfolio companies.

There may not be a public or private market available to the Partnership for the sale of its interests in the portfolio companies. The availability of such a market will depend on market sentiment in relation to the portfolio companies and the general economic environment and market liquidity and may be accentuated by the lack of capital investment in the emerging and developing market countries in which such portfolio companies will likely be located. If such a market exists, the Partnership may not be able to dispose of its investments in an advantageous manner. With respect to private portfolio companies, even if a prospective buyer can be identified, the Partnership may be prohibited by contract from selling its investments for a period

of time. The Partnership may also be subject to certain procedural or other requirements (including rights of first offer or refusal) which may have an effect on the transferability of its investments. Investments in private portfolio companies generally will not be able to be sold publicly unless the sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available, or analogous formalities are observed. The Partnership does not expect to have the right to require private portfolio companies to commence a registered public offering of its securities. The Partnership typically will not have contractual rights to force a sale or other capital event of a portfolio company in order to liquidate its investment. In addition, certain types of investments held by the Partnership may be such that they require a substantial length of time to liquidate during which time the value of the investments in question may fluctuate.

With respect to public portfolio companies, the availability of such a market suitable for a sale will depend on market sentiment in relation to the portfolio companies and the general economic environment and market liquidity. In addition, the markets on which some of the Partnership's investments may trade may be relatively illiquid in comparison to U.S. markets. There may be limitations on the Partnership's ability to sell shares in public portfolio companies due to the size of the Partnership's position relative to the overall liquidity of the market, which could result in delays and loss of value. The Partnership may not have the contractual right to require registration of the sale of its shares. The Partnership may rely on the exemption from registration under Rule 144 under the Securities Act of 1933, as amended ("**Rule 144**"), to sell securities of publicly traded companies traded on U.S. exchanges. However, the availability of an exemption from registration under Rule 144 will be subject to various limitations (some or all of which may apply depending on the issuer of such securities and its relationship to the Partnership), including compliance by the Partnership with the applicable holding period requirement and the availability of adequate current information with respect to the issuer of such securities and a limit on the number of such securities that may be sold within a certain period of time. Such limitations may have the effect of preventing the Partnership from selling all or a portion of the investments at an optimal time. The Partnership may also have preferential information rights in relation to some of the portfolio companies, including through representatives on the board of directors of certain portfolio companies (which board representation may be on behalf of the Partnership, other investment vehicles managed by the General Partner or its affiliates). As a result, the Partnership (or other investment vehicle managed by the General Partner or its affiliates) may have access to material non-public information concerning the portfolio companies which has not been made public. If the Partnership (or other investment vehicle managed by the General Partner or its affiliates) possesses such material non-public information the Partnership may be restricted from selling its interest in a portfolio company during blackout periods relating to the Partnership's (or such other investment vehicle's) possession of such non-public information. Public disclosure of the Partnership's efforts to sell an investment could depress the value of such investment and negatively affect the realized prices on such sale or future sales. Accordingly, the Partnership may not be able to realize its interest in a portfolio company at a time or on terms of its choosing.

The Partnership may not have control over its investments.

In many cases the Partnership will acquire only a minority interest in a portfolio company or other asset in which it invests. Although the Partnership may not have control over its

investments, and therefore may have a limited ability to protect its position therein, the General Partner expects to negotiate appropriate rights to protect the Partnership's interests. Such rights may include prohibiting the portfolio company from undertaking certain actions or activities without the Partnership's approval and/or the right to appoint a representative to the portfolio company's board of directors. Nevertheless, such investments by the Partnership and the portfolio companies may involve risks not present in investments where a third party is not involved, including the possibility that the owners or manager of the portfolio company may have financial, operational or management difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with or adverse to those of the Partnership, or may be in a position to take action contrary to the Partnership's investment objectives.

Risks relating to obtaining control.

In some cases, the Partnership may acquire a controlling interest in a portfolio company. In such cases, it is possible that the Partnership could be held responsible for actions of the portfolio company, e.g., offerings of securities, under legal theories of control person liability.

Risks relating to potential co-investments in portfolio companies.

From time to time the Partnership may rely on independent third party management or strategic partners with respect to the management of a portfolio company or other asset in which it invests, acquire only a participation interest in an investment or asset underlying an investment or acquire a subordinate loan position with respect to a portfolio company, and therefore may not be able to negotiate the terms of the underlying investment nor exercise control over the management of such portfolio company or investment. The Partnership and the portfolio companies in which it invests may co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring non-controlling interests in certain of their respective investments. Such investments create potential risks and conflicts of interest not present in direct investments by the Partnership in portfolio companies. The Partnership may be subject to restrictions or obligations in relation to its interest in the asset, including, inter alia, in relation to the disposal of such interest, changing the constitutional or financial structure of the portfolio company, the Partnership's income and capital distribution entitlements and voting rights and/or may entitle its co-investors (or some of them) to preferential income or capital returns on, or other rights in relation to, their investment in certain circumstances and/or contain pre-emption or drag rights on the sale of the Partnership's interest. Any such co-investment agreement may also impose obligations on the Partnership, such as requiring the Partnership to fund cash shortfalls to prevent a dilution of its interest in the asset. Any of these matters may adversely affect the value of the Partnership's investment in, or return from, such assets. In addition, the Partnership may be jointly and severally liable for costs, taxes or other liabilities with its co-investors and, in the event of their default, the Partnership may be exposed to liability in excess of its economic interest in such assets or otherwise for more than its share of the matter in question. In addition, the Partnership and the portfolio companies may in certain circumstances be liable for the actions of their respective third party partners or co-venturers.

Risks relating to investing in non-performing or other troubled assets.

The Partnership and the portfolio companies may invest in non-performing or other troubled assets (which, in the Partnership's case, may include troubled portfolio companies) that involve a significant degree of legal and financial risks and, in some cases, political risks. Investments by the Partnership in portfolio companies operating in work-out modes or under bankruptcy protection laws may, in certain circumstances, be subject to additional potential liabilities or risks.

Market values of publicly traded securities that are held as investments may be volatile.

The market prices and values of publicly traded securities of portfolio companies in which the Partnership invests may be volatile and are likely to fluctuate due to a number of factors beyond the Partnership's control, including actual or anticipated fluctuations in the quarterly and annual results of the portfolio companies and other companies in the industries in which they operate, the availability of additional securities for sale and the number of shares traded, general economic, social or political developments, changes in industrial conditions, changes in governmental regulation, shortfalls in operating results from levels forecast by securities analysts, the general state of securities markets and other material events, such as significant management changes, refinancings, acquisitions and dispositions. Changes in the values of these investments may adversely affect the Partnership's financial condition and results of operations.

Valuation methodologies for certain portfolio companies can be subject to significant subjectivity and the fair value of assets established pursuant to such methodologies may never be realized, which could result in significant losses for the Partnership.

Although market quotations will be available for the Partnership's investments in public companies, such quotations may not reflect the value that the Partnership would actually be able to realize because of various factors, including the possible illiquidity associated with a large ownership position, trading volumes or legal restrictions on transfer. There are no readily ascertainable market prices for the Partnership's investments in private companies. Such investments in private companies will generally be valued at their fair value as determined in accordance with U.S. generally accepted accounting principles fair value reporting standards with such adjustments thereto as the General Partner determines in its sole discretion to be appropriate. Values determined in accordance with the portfolio valuation procedure described herein may be inexact and may not always reflect the precise value of the Partnership's underlying assets. Investments that are undervalued may result in reduced disposition proceeds for the Partnership due to a lower disposition price.

There is no single standard for determining fair value and, in many cases, fair value is best expressed as a range or weighted combination of fair values from which a single estimate may be derived. The types of factors that may be considered when applying fair value pricing to an investment in a particular company include the historical and projected financial data for the company, valuations given to comparable companies, the size and scope of the company's operations, the strengths and weaknesses of the company, expectations relating to investors' demand for an offering of the company's securities, the size of the Partnership's holding in the

company and any control associated therewith, information with respect to transactions or offers for the company's assets or securities, applicable restrictions on transfer, industry information and assumptions, general economic and market conditions, the nature and realizable value of any collateral or credit support and other relevant factors. Fair values may be estimated by multiplying a key performance metric of the company (for example, EBITDA) by the relevant valuation multiple (for example, price/equity ratio) observed for comparable companies or transactions. Private investments may also be valued, in some cases, on a cost basis or a discounted cash flow or liquidation analysis. In some cases, these principles will not capture the fair value of an asset, particularly in the case of early growth companies. Market trading prices for the Partnership's investments in public companies may not take into account discounts relating to the illiquidity of the market relative to the size of the Partnership's position, premiums relating to the Partnership's board representation or other similar factors and as a result, may not accurately reflect the values of such investments. In addition, valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, determinations of fair value may differ materially from the values that would have resulted if a ready market had existed. Because many of the illiquid investments held by the Partnership may be in industries or companies which are cyclical, undergoing some uncertainty or distress or otherwise subject to volatility, such investments may be subject to rapid changes in value caused by sudden company-specific or industry-wide developments.

The portfolio companies' and the Partnership's use of leverage will expose the Partnership to certain risks.

The Partnership may make investments in portfolio companies whose capital structures have a significant degree of leverage or in portfolio companies that will use leverage in order to enhance returns. The Partnership may also use leverage in connection with the acquisition of investments or the operation of the Partnership, although the Partnership Agreements typically limit the amount of such leverage that can be incurred. Leverage creates an opportunity for increased returns, but at the same time creates risks. There can be no assurance that a portfolio company's or the Partnership's use of leverage will prove to be beneficial. Moreover, there can be no assurance that a portfolio company or the Partnership, as applicable, will be able to meet its debt service obligations and, to the extent that it cannot, it risks the loss of some or all of its assets or a financial loss if it is required to liquidate assets at a commercially inopportune time. The incurrence of a significant amount of indebtedness by a portfolio company or the Partnership may, among other things, (i) give rise to an obligation to make mandatory prepayments of debt using excess cash flow, which may limit the company's ability to respond to changing industry conditions to the extent additional cash is needed for the response, to make unplanned but necessary capital expenditures or to take advantage of growth opportunities; (ii) limit the portfolio company's ability to adjust to changing market conditions and increase the portfolio company's vulnerability to a downturn in general economic conditions or in its business, thereby placing it at a competitive disadvantage compared to its competitors who have relatively less debt; (iii) limit the portfolio company's ability to engage in strategic acquisitions that may be necessary to generate attractive returns or further growth; and (iv) require the Partnership to grant security over some or all of its assets and limit the portfolio company's or the Partnership's, as applicable, ability to obtain additional financing or increase the cost of

obtaining such financing, including for capital expenditures, working capital, debt service or general corporate purposes.

Furthermore, to the extent a portfolio company or the Partnership incurs debt at a variable interest rate and interest rates increase, the debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and its net income and cash available for servicing its indebtedness would decrease. A leveraged company's return also tends to increase or decrease at a greater rate than would otherwise be the case if money had not been borrowed. As a result, the risk of loss associated with a leveraged company is generally greater than for companies with comparatively less debt.

The Partnership will face risks upon disposition of its investments and may face risks upon disposition of assets by one of the portfolio companies.

In connection with the Partnership's disposition of an investment in a portfolio company or real property, or in the event of a public or private securities offering by a portfolio company, the Partnership may be required to make representations typical of those made in connection with the sale of similar assets, or may be responsible for the contents of disclosure documents under applicable securities laws. The Partnership may be required to indemnify the purchasers of such investment or property or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities for which the Partnership may establish reserves or escrow accounts and which might ultimately have to be funded by the partners. The Partnership may similarly be exposed to liability if one of the portfolio companies in which it invests is required to make such representations or indemnify purchasers in connection with a sale of assets, but only to the extent of the Partnership's investment in the portfolio company. Reserves or accounts (if any) may be insufficient to cover the liability.

The Partnership will be dependent on the General Partner and the Management Company.

The ability of the General Partner and the Management Company to successfully manage the Partnership's affairs depends on the General Partner's and the Management Company's organization and their ability to identify, structure and manage investments. The General Partner and the Management Company also rely to a substantial extent on the experience, relationships and expertise of the senior management and other key employees of the Management Company. There can be no assurance that these individuals will remain in the employ of the Management Company, or otherwise continue to be able to carry on their current duties throughout the Partnership's term. Certain senior members of the Management Company, including the Chief Executive Officer, recently left the Management Company. The loss of the services of the Management Company's organization or any of such individuals could have a material adverse effect on the Partnership's operations, the extent of which may depend on, among other things, the ability of the Management Company to recruit other individuals of similar experience and credibility. In addition, under certain circumstances, the limited partners have the right to remove the General Partner and the Management Company.

Conflicts of Interest

Allocation of Investment Opportunities Among the Fund and Other Investment Vehicles.

A Partnership (and, in the case of Fund V, the Co-Invest Fund) will generally be the exclusive vehicle for future investment opportunities which, as determined by the applicable General Partner, have characteristics and projected rates of return which meet the Partnership's investment and return objectives that are sourced by any executive officer or investment professional of the Management Company or referred to the Management Company pursuant to the terms of the Zell Exclusivity Agreement (defined below) until the earlier of the date of the expiration or termination of the investment period and the full investment date of the Partnership as described in the applicable Partnership Agreement (generally when 70% of the Partnership's Commitments have been drawn and invested, committed to investment or utilized or reserved for expenses). The Co-Invest Fund is further described in "Performance-Based Fees and Side-by-Side Management" above. Certain opportunities are not, however, subject to this exclusivity requirement, including any opportunity that would be required to be offered to a portfolio company pursuant to any applicable fiduciary duty of any of its board members employed by the Management Company and any opportunity offered to a predecessor Partnership sponsored by the Management Company (a "**Predecessor Partnership**") and is subject to additional limitations further described in the Partnership Agreement. In addition, to the extent the Management Company may otherwise offer an investment opportunity to a Partnership, such Partnership's ability to participate in any such opportunities will be based on its financial resources at that time and certain other factors determined to be relevant by the General Partner, in each case as determined by the General Partner in its sole discretion. The Management Company and its affiliates may determine that an investment opportunity is appropriate for one or more investment vehicles, but the applicable General Partner may determine that such investment opportunity is not appropriate for the Partnership, or is appropriate for, or available to, the Partnership but in different amounts, structures, terms or timing than is appropriate for others. Therefore, the amount, timing, structuring or terms of an investment by a Partnership may differ from, and performance may be lower than, investments and performance of other investment vehicles. There can be no assurance that a Partnership will not receive a smaller investment allocation or inferior terms in investments in particular issuers than it would otherwise receive if these conflicts of interest did not exist. The Advisers and their affiliates attempt to resolve such conflicts of interest in light of their obligations to investors in a given Partnership and other Private Investment Funds, and attempt to allocate investment opportunities among such Partnership and such other Private Investment Funds in a fair and equitable manner and consistent with the Advisers' obligations, the underlying Partnership Agreement and other applicable governing documents and Equity International's Investment Allocation Policy. Where necessary, the Advisers consult and receive consent to conflicts from the applicable LP Committee. In addition, the significant investment of the principals of the Management Company (the "**Principals**") in each Partnership, as well as the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the limited partners in a given Partnership, although the Principals have economic interests in such other Private Investment Funds and investments as well and receive management fees and carried interests relating to those interests.

As described in “Other Financial Industry Activities and Affiliations,” Sam Zell has entered into an Exclusivity Agreement which requires certain real estate investment opportunities to be referred to the Predecessor Partnerships and their successor Partnerships and/or Equity International management. Although any amendment to such agreement would require the consent of the The Olayan Group shareholders, there can be no assurance that the terms of such agreement will not be amended or that such agreement will remain in effect. Any fiduciary duties of Mr. Zell to the Management Company under applicable law arising by virtue of his affiliation with Equity International would generally continue to apply after the termination of the Exclusivity Agreement.

Mr. Zell currently serves, and may in the future serve, on the board of directors of various public and private entities, including real estate companies. Accordingly, Mr. Zell has certain fiduciary and other obligations to such companies. In addition, such companies may engage in businesses that are competitive with the businesses of a Partnership and its and the portfolio companies. The foregoing activities may present certain actual and potential conflicts of interest. Equity International has attempted to alleviate this conflict of interest by entering into the Exclusivity Agreement (as defined below). This arrangement is described in greater detail under “Other Financial Industry Activities and Affiliations” and in the Partnerships’ private placement memoranda.

Other Investment Vehicles.

The Management Company and its affiliates act as advisors to Predecessor Partnerships to a given Partnership and to the Co-Invest Fund and may act as advisors to future Private Investment Funds with respect to investments in securities of a company in which such Partnership may have a direct or indirect investment or may be seeking to make an investment. The Management Company and its affiliates or their personnel may have a greater investment in or receive greater fees or other compensation, including performance-based fees, with respect to such activities in comparison with their activities relating to the Partnership. The Management Company and its affiliates may give advice or take action, with respect to any of its investment vehicles, that may differ from the advice given, or may involve a different timing or nature of action taken, than with respect to the Partnership. Because of different objectives or other factors, a particular investment may be sold by the Partnership, the Management Company or an affiliate of the Management Company, or other investment vehicles at a time when one of these entities is purchasing an investment.

Management Team.

The General Partner expects the Principals to be actively involved in the management of each Partnership. However, such individuals may have conflicts in allocating their time and services among the Partnerships and other ventures (including future investment vehicles managed by the Management Company and its affiliates). Thus, while it is anticipated that the Principals will devote as much time to each Partnership as the Management Company deems appropriate, certain individuals may have to devote a substantial amount of time to matters other than a particular Partnership.

Diverse Membership.

The limited partners may include taxable and tax-exempt persons and entities and may include investors organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by a General Partner and the Management Company that may be more beneficial for one type of limited partner than for another type of limited partner. In addition, the General Partner and the Management Company may make investments for a Partnership that may have a negative impact on other investments made by the limited partners in separate transactions. In selecting investments appropriate for a Partnership, the General Partner will consider the investment objectives of the Partnership as a whole, not the investment objectives of any limited partner individually.

Tax Positions.

To the extent that certain decisions or transactions involve tax considerations, the interests of the applicable General Partner, the Management Company and its affiliates may be inconsistent with those of the limited partners (e.g., the timing of transactions). In addition, situations may arise in which a General Partner may be required to act on behalf of a Partnership in administrative and judicial proceedings involving the IRS or other enforcement authorities. Such proceedings may involve or affect other entities for which a General Partner, the Management Company or any of its affiliates acts as a manager or in a similar capacity. In such situations, the positions taken by the General Partner may have differing effects on the Partnership and other such entities.

Carried Interest.

The General Partners generally receive distributions of up to 20% of the remaining profits from a Partnership based upon the carried interest. The existence of the carried interest may create an incentive for the applicable General Partner and the Management Company to make more speculative investments on behalf of a Partnership than the Partnership would otherwise make in the absence of the carried interest. Although affiliates of the Management Company generally invest their own capital in each Partnership along with the other investors, the interests of the applicable General Partner and the Management Company may under some circumstances differ from those of the Partnership and/or the limited partners. Such conflicting interests could potentially affect the decisions of the General Partner and the Management Company in purchasing, holding and disposing of the investments of a Partnership.

Management Fee.

The Management Company receives a Management Fee. The existence of the Management Fee may create an incentive for the Management Company to extend the term of a Partnership. As a result, the interests of the Management Company with respect to term of a Partnership may under some circumstances differ from those of the limited partners.

Investments in Which Other Investment Vehicles Established by the Manager and its Affiliates Have a Separate Investment.

Under certain circumstances, a given Partnership may co-invest with other investment vehicles that have been or may be established by the Management Company and its affiliates (including a Predecessor Partnership) in investments that are suitable for both the Partnership and such other investment vehicles or otherwise invest in portfolio companies in which such vehicles or Predecessor Partnerships are also invested. Subject to certain exceptions and restrictions (a) affiliates of the Management Company may acquire, invest in or hold interests in portfolio companies of the Partnership and (b) the Partnership may invest in investments in which affiliates of the Management Company (including Predecessor Partnerships) hold an interest. To the extent the Partnership holds an investment that is different (including with respect to their relative seniority) than an investment held by such other parties, the applicable General Partner and its affiliates may be presented with decisions when the interests of the Partnership and the other parties are in conflict. For example, the Partnership may acquire such an investment at a different price than the other vehicle or Predecessor Partnership, or may have a different intended holding period. Similarly, if the Partnership makes an investment in a company in which another party has a mezzanine or debt investment, the applicable General Partner may have conflicting loyalties between its duties to the Partnership and to such other party. In that regard, actions may be taken for the other party that are adverse to the Partnership.

The investment activities of the Management Company and its affiliates for other investment vehicles under their management may also limit the investment opportunities for, or rights of, a given Partnership, in certain regulated industries and in certain transactions where restrictions may be imposed upon the aggregate amount of investment by affiliated investors. In addition, investment in publicly traded companies by the Predecessor Partnerships and other investment vehicles managed by the Management Company and its affiliates may impact the trading flexibility of the Partnership in those securities. Because a single executive of the Management Company often serves on the boards of directors of those publicly traded portfolio companies in which the Predecessor Partnerships or other investment vehicles managed by the Management Company and its affiliates have a right to board representation, the Management Company and its affiliates are unable to use information barriers that many firms implement to separate persons who make investment decisions on behalf of one investment vehicle from others who might possess material non-public information with respect to another investment vehicle. The absence of such information barriers could prevent the Management Company's investment professionals from undertaking advantageous investments or dispositions on behalf of a Partnership that would otherwise be permissible. For example, to the extent that the Predecessor Partnerships or such other investment vehicles have non-public information with respect to a publicly traded company, a trading blackout period may affect a Partnership's ability to buy or sell securities in such publicly traded company given the overlap in board representatives of such companies. In addition, the resale of privately held securities by the Predecessor Partnerships and other investment vehicles managed by the applicable General Partner, the Management Company and their respective affiliates under Rule 144 may impact the ability of a Partnership to divest such securities. To the extent the Predecessor Partnerships or such other investment vehicles resell privately held securities (the issuer of which is an affiliate of Equity International) under Rule 144 which are also held by a Partnership, such securities will be aggregated with any resales of such privately held securities by the Partnership for purposes

of determining compliance with the limitation on the amount of such securities that can be resold under Rule 144 during any three month period, and, as a result, the Partnership may be unable to resell such securities if, and to the extent that, such resale would exceed such limit. The Management Company and its affiliates may elect to undertake certain activities on behalf of the Predecessor Partnerships and other investments vehicles even if such activities limit the trading flexibility of a Partnership. In addition, to the extent permitted by applicable law, the applicable General Partner may restrict or limit transactions or the exercise of rights for a Partnership, or limit the amount of voting securities purchased for the Partnership, which may limit positions or restrict the Partnership from voting in situations in which the Partnership has an interest, in order to avoid circumstances which, in the view of the General Partner, would require aggregation of the Partnership's positions with investments of affiliates of the Management Company that would approach or exceed certain ownership thresholds.

The results of the investment activities of a Partnership may differ significantly from the results achieved by affiliates of the Management Company for other investment vehicles. The Management Company and its affiliates may give advice, and take action, with respect to other investment vehicles that may compete or conflict with the advice the applicable General Partner or the Management Company may give to such Partnership or may involve a different timing or nature of action than with respect to the Partnership.

Certain conflicts of interest that arise between the Partnership, on the one hand, and other partnerships or any other affiliates of the Management Company, on the other hand, generally will be discussed and resolved on a case-by-case basis by the Management Company. Any such discussions will take into consideration the interests of the relevant parties and the circumstances giving rise to the conflict. Except as otherwise provided in the applicable Partnership Agreements with respect to matters requiring LP Committee or limited partner consent as further described below, the applicable General Partner will have the power to resolve, or consent to the resolution of, conflicts of interest on behalf of, and such resolution will be binding on, the applicable Partnership. Limited partners should be aware that conflicts will not necessarily be resolved in favor of a Partnership's interests. In addition, pursuant to the Partnership Agreements, the applicable General Partner may in certain situations choose to consult with the LP Committee with respect to specific conflicts of interest. If the LP Committee consents to a particular transaction or waives the conflict of interest or the General Partner acts in a manner, or pursuant to the standards and procedures, approved by the LP Committee with respect to the conflict of interest, then the General Partner and its affiliates will not have any liability to the applicable Partnership or the limited partners for such actions taken in good faith by them, including actions in pursuit of their own interests. A General Partner may seek the consent of the LP Committee or partners holding the applicable percentage-in-interest with respect to certain matters set forth in the applicable Partnership Agreement such as: (i) certain transactions with affiliates, (ii) the replacement of specified key persons and (iii) such other matters as may be set forth in the applicable Partnership Agreement. The decisions of the LP Committee or limited partners on these matters will be binding on all partners. No member of the LP Committee or limited partner will be obligated to consider the interests of any partner in making its decisions with respect to such matters and the objectives and interests of such member or limited partner may be different than those of the other partners.

Operating Partners.

Affiliates of the Management Company have and expect to continue to make loans to and/or equity investments in (and may be issued warrants or other interests from) third-party operators and joint venture partners with which a General Partner or the Management Company may elect to co-invest a Partnership's capital. In addition, some of the third-party operators and joint-venture partners with which such General Partner may elect to co-invest a Partnership's capital have preexisting investments with affiliates of the Management Company. The terms of these preexisting investments may differ from the terms upon which the such Partnership invests with such operators and partners. To the extent a dispute arises between affiliates of such General Partner and such operators and partners, the applicable Partnership's investments relating thereto may be affected.

Provision of Services by Affiliates.

Each Partnership enters into the management agreement. The Partnership may also enter into agreements with the Management Company and its affiliates to the extent permitted by the terms of the applicable Partnership Agreement. The management agreement and other agreements with the Management Company and its affiliates are transactions with affiliates and, as a result, will not be negotiated in the same manner as third party, arm's length transactions. To the extent that a Partnership or any other Private Investment Fund requires financial advisory, placement, underwriting, investment banking, tax, real estate, due diligence or other services (other than those services to be provided pursuant to the Partnership Agreement), the applicable General Partner may engage the Management Company or its affiliates to provide such services to the relevant Partnership or the Private Investment Fund. The Management Company or its affiliates will charge fees to the applicable Partnership or the Private Investment Fund in connection with such services. This could create a conflict of interest as it incentivizes the General Partners to engage their affiliates to perform such services rather than independent service providers. The General Partners attempt to resolve this conflict by ensuring that such services are provided on market terms that are no less favorable to a Partnership or Private Investment Fund than those generally available in an arm's length transaction from experienced and unaffiliated parties. In addition, on an annual basis, each General Partner provides the LP Committee with a report detailing any such services provided during the previous year to the applicable Partnership or Private Investment Fund and the fees paid in connection with such services.

DISCIPLINARY INFORMATION

The Management Company and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Management Company is affiliated with each of the General Partners, which are registered with the SEC under the Advisers Act pursuant to the Management Company's registration in accordance with SEC guidance. The Management Company provides advisory services to the General Partners and other Equity International entities pursuant to management

agreements. These affiliated investment advisers operate as a single advisory business together with the Management Company and serve as managers or general partners of private investment funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Equity International is owned, in part, by various trusts and other entities established by or for the benefit of Sam Zell and members of his family. Pursuant to the terms of an Exclusivity Agreement (“**Exclusivity Agreement**”), Mr. Zell has generally agreed, on his own behalf and on behalf of certain controlled affiliates, to refer certain investment opportunities to such Private Investment Fund or portfolio company as may be designated by the Management Company, and not to consummate such investment opportunities unless the party to whom the opportunity has been referred shall have declined to pursue the investment. The relevant investment opportunities covered by the Exclusivity Agreement are generally opportunities to invest in (a) real estate operating companies and (b) real estate assets that compete (i) in markets in which any current portfolio company of an Private Investment Fund or any portfolio company which an Private Investment Fund is pursuing operates or (ii) with assets owned by an Private Investment Fund or portfolio company, or which any of the foregoing may be seeking to acquire. For these purposes real estate assets are land, buildings and other improvements located outside of the United States. The Exclusivity Agreement contains various exceptions to the obligations undertaken by Mr. Zell and his controlled affiliates, which include, among other exceptions, existing contractual or fiduciary duties, passive investments, and the right to acquire discrete real estate assets which do not constitute an operating platform. Additionally, the foregoing exclusivity obligations are subject to the exceptions described above and other exceptions, terms and conditions more fully set forth in the Partnership Agreement for the applicable Private Investment Fund and the Exclusivity Agreement.

One of the management persons of the Management Company has a minority interest (less than 5%) in a broker-dealer that provides services to the Partnerships. The Management Company does not consider such relationship with the broker-dealer material to its business or to the Partnerships and does not believe it creates a conflict of interest with respect to the Partnerships.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Advisers have adopted the Equity International Code of Ethics and Securities Trading Policy (the “**Code**”), which sets forth standards of conduct that are expected of the Advisers’ Principals and employees and addresses conflicts that arise from personal trading. The Code requires the Advisers’ personnel to:

- report their personal securities transactions;
- pre-clear any proposed purchase of any initial public offering or limited offering; and
- comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any client or prospective client upon request to Alisa Singer, Equity International's Chief Compliance Officer, at (312) 675-7400. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client-eligible investments.

The Advisers and their affiliated persons may come into possession from time to time of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, the Advisers and their affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Advisers. Accordingly, should the Advisers or any of their affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, the Advisers would be prohibited from communicating such information to clients, and the Advisers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Equity International personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Partnerships.

Principals and employees of the Advisers and their affiliates may directly or indirectly own an interest in Private Investment Funds, including the Partnerships or, as may be permitted by the terms of the Partnership Agreement, certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as the Partnerships. The Advisers believe that such interests do not create a conflict of interest and instead operate to align the interests of Principals and employees of the Advisers with the Private Investment Funds.

The Partnerships and other Private Investment Funds may invest together in the manner set forth in the Partnership Agreement. The Advisers will determine the allocation of investment opportunity in a manner that they believe is fair and equitable to its clients consistent with the Advisers' obligations, the Equity International Investment Allocation Policy and the Private Investment Funds' underlying documents.

The Advisers and their affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in the Partnerships, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Partnerships, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain vehicles sponsored by Equity International (the "**Affiliated Funds**") may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Affiliated Funds or may give priority with respect to investments to such Affiliated Funds. Some of these restrictions could be waived by investors (or their representatives) in such Affiliated Funds.

The Advisers or their affiliates may recommend the purchase or sale of securities for Private Investment Funds in which one or more of their partners, members, officers, directors, employees (and members of their families) or affiliates ("**affiliated persons**"), directly or

indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the Private Investment Funds. Certain of these transactions may require the consent of the applicable Private Investment Fund or its LP Committee.

BROKERAGE PRACTICES

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be, though are generally not, retained. However, the Advisers may also utilize the services of a broker-dealer to sell securities held by a Private Investment Fund if a public trading market exists. Although the Advisers do not intend to regularly engage in public securities transactions, to the extent they do so, they follow the brokerage practices described below.

If the Advisers sell publicly traded securities held by a Private Investment Fund, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. In such event, the Advisers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) skills or expertise to execute in a particular country or market.

The Advisers have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Advisers generally seek competitive commission rates, they may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since their inception.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that the Advisers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Private Investment Funds are completed independently, the Advisers may also purchase or sell the same securities or instruments for several Private Investment Funds simultaneously. From time to time, the Advisers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to

reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund of the Advisers is favored over any other Private Investment Fund. When an aggregated order is filled in its entirety, each participating Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Private Investment Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Private Investment Funds.

Each Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to average price and *pro rata* allocations are permissible provided they are fair and equitable to Private Investment Funds over time.

REVIEW OF ACCOUNTS

The investments made by the Private Investment Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Advisers closely monitor companies in which the Private Investment Funds invest, and the Equity International Chief Compliance Officer periodically checks to confirm that each Private Investment Fund is maintained in accordance with its stated objectives.

The Partnerships will provide to their limited partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company semi-annually.

CLIENT REFERRALS AND OTHER COMPENSATION

The Advisers and/or their affiliates may provide certain services to the Partnership and may receive compensation in connection with such services. As described in the Partnership Agreement, this compensation (except to the extent it constitutes Transaction Fees) would be in addition to the Management Fees paid by the Partnership. See "Methods of Analysis, Investment Strategies and Risk of Loss -- Conflicts of Interest."

From time to time, the Advisers may enter into solicitation arrangements pursuant to which they compensate third parties for referrals that result in a potential investor becoming a limited partner in a Partnership or other Private Investment Fund. Any fees and expenses payable to any such placement agents will be borne by Equity International either directly or indirectly through an offset against the Management Fee.

CUSTODY

As of the date of this Brochure, the Advisers maintain custody of the Partnerships' assets held in the Partnerships' names with the following qualified custodians:

- JP Morgan Chase, located at 10 South Dearborn Street, Floor 34, Chicago, IL 60603; 500 Stanton Christiana Road, OPS 4/Floor Z DE3-4660, Newark, DE 19713; Illinois Market, PO Box 659754, San Antonio, TX 78265; and 168 Robinson Road, Capital Tower, Singapore, Singapore 068898;
- Conifer, located at 1 Ferry Building, Suite 255, San Francisco, CA 94111;
- Deutsche Bank, Deutsche Bank S.A., Av. Brigadeiro Faria Lima 3900, Sao Paulo, Brazil;
- Itau DTVM S.A., located at Praca Alredo Egydio Souza, Aranha 100, 10 Andar, Jabaquara, Sao Paulo, Brazil;
- ICBC, located at No. 1 Yuejin Road, Tanguu District, Tianjin, The People's Republic of China;
- BTG PACTUAL, located at Avenida Brigadeiro Faria Lima 3729, 8 Andar, Sao Paulo Brazil, 04538-133;
- Shanghai Equity Custody Center, located at 487 Tianlin Road Building 27, Xuhui District, Shanghai 200233, The People's Republic of China.

INVESTMENT DISCRETION

The Advisers have discretionary authority to manage investments on behalf of the applicable Partnership, subject to the limited restrictions contained in the Partnership Agreement. As a general policy, the Advisers do not allow limited partners to place limitations on this authority, provided that the Partnership Agreement of a Partnership may impose certain restrictions on investing in certain types of securities. Pursuant to the terms of the Partnership Agreement, however, an Adviser may enter into "side letter" arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in the Partnership may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. The Advisers assume this discretionary authority pursuant to the terms of (i) the Partnership Agreement, (ii) the investment management agreement between each Partnership, the applicable General Partner and the Management Company and (iii) powers of attorney executed by the limited partners of each Partnership.

VOTING CLIENT SECURITIES

The Advisers have adopted the Equity International Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how they will vote proxies, as applicable, for the Partnerships' portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Partnerships, including where there

may be material conflicts of interest in voting proxies. In the case of the Co-Invest Fund, the Advisers will vote any proxies consistent with Fund V. The Advisers generally believe their interests are aligned with those of the Partnerships' investors through the principals' beneficial ownership interests in the Partnerships and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Advisers may address the conflict using several alternatives, including by seeking the approval or concurrence of the applicable LP Committee on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. The Advisers do not consider service on portfolio company boards by Equity International personnel or the Advisers' receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. If you would like a copy of Equity International's complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, contact Alisa Singer, Equity International's Chief Compliance Officer, at (312) 675-7400, and it will be provided to you at no charge.

FINANCIAL INFORMATION

The Management Company does not require or solicit prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.