

INVESTMENT ADVISER BROCHURE

LAZARD ALTERNATIVE INVESTMENTS LLC

**600 Fifth Avenue, 10th Floor
New York, NY 10020¹**

January 29, 2013

This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Lazard Alternative Investments LLC, a Delaware limited liability company. If you have any questions about the contents of this Brochure, please contact us at (212) 632-6339. 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.

Lazard Alternative Investments LLC 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 Lazard Alternative Investments LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

¹ This address reflects the temporary business address of Lazard Alternative Investments LLC. The mailing address for Lazard Alternative Investments LLC remains as 30 Rockefeller Center, New York, NY 10020.

MATERIAL CHANGES

Lazard Alternative Investments LLC filed its initial Brochure on February 14, 2012 in connection with its registration as an investment adviser, and updated it on October 10, 2012 to reflect the change in business address of Lazard Alternative Investments LLC. The Brochure is now being further updated to reflect changes in the private funds and advisory affiliates associated with Lazard Alternative Investments LLC's advisory business, as well as the fact that such private funds are in the process of winding down their business and affairs.

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ADVISORY BUSINESS

Lazard Alternative Investments is a private investment management firm, including a registered investment advisory entity and other organizations controlled by Lazard Alternative Investments LLC, a Delaware limited liability company, that managed approximately \$9.3 million in client assets as of December 31, 2012, all in private funds and all on a discretionary basis.

Lazard Alternative Investments LLC is a registered investment adviser that commenced operations in February 2005. Lazard Alternative Investments LLC and its affiliated investment advisers, Lazard Frères Real Estate Investors L.L.C. (“**LFREI**”), Lazard Senior Housing Partners GP LLC (“**LSHP GP**” and together with LFREI, the “**General Partners**”) and Lazard Real Estate Partners LLC (“**LREP**,” and together with Lazard Alternative Investments LLC and the General Partners, collectively the “**Advisers**” or “**LAI**”) provide investment advisory services to private investment funds.

Each of the General Partners and LREP is registered under the Advisers Act pursuant to Lazard Alternative Investments LLC’s registration in accordance with SEC guidance. This Brochure also describes the business practices of each General Partner and LREP, which operates as a single advisory business together with Lazard Alternative Investments LLC.

The Advisers manage the business and affairs of LFSRI I (defined below, and together with any future private investment funds managed by Lazard Alternative Investments LLC and its controlled affiliates, the “**Private Investment Funds**”), and the Feeder Funds (defined below, and together with LFSRI I, the “**Funds**”). Persons investing in the Funds, whether directly as limited partners or indirectly as limited partners or non-managing members of any vehicle that invests in a Fund and that is advised by LAI, are referred to herein as “**Limited Partners**” and together with the General Partners, the “**Partners**”.

LFSRI I and any other Private Investment Funds are real estate and private equity funds and invest through negotiated transactions in real estate and real estate related assets and companies. The Feeder Funds were formed to invest directly or indirectly in LFSRI I or another real estate and private equity fund that had been managed and advised by one or more of the Advisers, but is no longer managed or advised by any of the Advisers. The Advisers’ investment advisory services to the Funds 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 subject to certain limitations set forth in the Funds’ limited partnership agreements or limited liability company agreements (with any amendments or supplements thereto, “**Governing Documents**”), as applicable. From time to time, where such investments consist of portfolio companies, the senior professionals or other personnel of Lazard Alternative Investments LLC or its affiliates may serve on (or designate others to serve on) such portfolio companies’ respective boards of directors or otherwise act to influence control over the management of such portfolio companies.

LFREI, a New York limited liability company, is the General Partner of LF Strategic Realty Investors L.P., a Delaware limited partnership (“**LFSRI I**”). LFREI also serves as the

manager to Strategic Realty LLC. Lazard Alternative Investments LLC serves as the general partner of LFSRI Investors L.P. and LFSRI Investors II L.P. (such entities, together with Strategic Realty LLC, are referred to herein as the “**LFSRI Indirect Feeder Funds**”; the LFSRI Indirect Feeder Funds and LFSRI I are referred to herein as the “**LFSRI Funds**”). LFSRI Investors L.P. invested indirectly in LFSRI I by investments in LFREI which were in turn invested in LFSRI I. Strategic Realty LLC and LFSRI Investors II L.P. invested indirectly in another real estate and private equity fund that had been managed and advised by LFREI (“**LFSRI II**”) by investments in LFREI which were in turn invested in LFSRI II. LFREI subsequently disposed of its interest in LFSRI II and the business and affairs of Strategic Realty LLC and LFSRI Investors II L.P. are in the process of being wound up. LFSRI II is no longer managed or advised by any of the Advisers.

For the sake of clarity, unless otherwise indicated, references in this Brochure to the “LFSRI Funds” include each of the above-named Funds (other than LFSRI II). The terms of each of the Funds comprising the LFSRI Funds differ from each other in certain respects. Investors in a Fund should refer to that Fund’s Governing Documents for specific terms with respect to that Fund. References to the investments and investment program of LFSRI Investors L.P. include the investments and investment program of LFSRI I, as well as of LFSRI Investors L.P. as conducted, indirectly, through LFSRI I.

LSHP GP, a Delaware limited liability company, serves as the managing member of LSHP Investor Group LLC (the “**LSHP Feeder Fund**,” and together with the LFSRI Indirect Feeder Funds, the “**Feeder Funds**”). The LSHP Feeder Fund invested in a real estate and private equity fund that had been managed by LSHP GP and LREP (“**LSHP**”). The LSHP Feeder Fund subsequently disposed of its interest in LSHP and the business and affairs of the LSHP Feeder Fund are in the process of being wound up. LSHP is no longer managed or advised by any of the Advisers.

The Advisers’ advisory services for the Private Investment Funds are detailed in the applicable private placement memoranda and the supplements thereto (each, a “**Private Placement Memorandum**” and, collectively, the “**Private Placement Memoranda**”) and the Governing Documents of the Funds and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in the Private Investment Funds participate in the overall investment program for the applicable Funds, but may be excused from a particular investment due to legal, regulatory or other applicable constraints. The Funds or the Advisers have entered into side letters or other similar agreements with certain investors that have the effect of establishing rights under or altering or supplementing the applicable Fund’s Governing Documents.

Except for Lazard Alternative Investments LLC, each Adviser is controlled by its managing member, Lazard Alternative Investments LLC. Lazard Alternative Investments LLC is controlled by its sole member, Lazard Alternative Investments Holdings LLC, a Delaware limited liability company. Lazard Alternative Investments Holdings LLC is controlled by its sole member, LFCM Holdings LLC, a Delaware limited liability company. Although LAI, Lazard Alternative Investments Holdings LLC and LFCM Holdings were originally owned by companies that are now subsidiaries of Lazard Ltd (together, with its controlled affiliates, “**Lazard**”), a financial advisory and asset management firm, all of such entities were separated

from Lazard in May 2005 prior to the initial public offering of Lazard Ltd and are no longer owned by Lazard.

FEES AND COMPENSATION

Management Fees

The Funds no longer charge any management fees (“**Management Fees**”).

Other Information

The Funds and any other Private Investment Funds invest on a long-term basis. Except as otherwise described in the Governing Documents, Limited Partners generally are not permitted to withdraw or redeem interests in the Funds (or other relevant Private Investment Funds, as applicable). The General Partners reserve the right to waive all or a portion of any Carried Interest (defined below) to be borne by Limited Partners of their respective Funds or other Private Investment Funds.

In addition to Carried Interest, the Funds bear certain expenses. As set forth in their Governing Documents, the Funds bear all expenses attributable to the activities of the Funds to the extent not paid by portfolio companies or the General Partners of the Funds, including legal, accounting, auditing, investment banking, travel (except in the case of LFSRI I), printing, consulting, research, brokerage, finder’s fees, custody, transfer, government and registration, insurance, advisory committee, interest, taxes and other similar fees and expenses. Brokerage fees may be incurred in accordance with the practices set forth in “Brokerage Practices.”

Additionally, certain operating partners may provide services to (or with respect to) certain portfolio companies in which one or more Funds may invest. In connection with such services, such operating partners may receive fees and other compensation from such portfolio companies.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Lazard Alternative Investments LLC does not directly receive a carried interest allocation (“**Carried Interest**”) for its advisory services to the Funds. Rather, as more fully described in the Partnership Agreements, the General Partners generally receive Carried Interest. LFREI is generally entitled to receive from LFSRI I a Carried Interest equal to 20% (or, in the case of certain Limited Partners who have invested in LFSRI I an amount equal to or greater than \$150 million, 10%) of all aggregate realized profits on certain investments, subject to satisfaction of a 9%, annually compounded, preferred return to the Limited Partners and the General Partner (*i.e.*, LFREI) of LFSRI I. Lazard Alternative Investments LLC, as a member of LFREI, is entitled to receive a portion of the amounts that LFREI receives as a result of its Carried Interest from LFSRI I. As an investor in LFREI, LFSRI Investors L.P. indirectly bears a portion of the Carried Interest that LFREI receives in respect of its investment in LFSRI I. LSHP GP is entitled to receive from the LSHP Feeder Fund, a Carried Interest equal to 10% of all aggregate realized profits, subject to satisfaction of a 10% annually compounded, preferred return to the non-managing members of the LSHP Feeder Fund, subject to a catch-up for LSHP GP. In addition, as further set forth in the LSHP Feeder Fund’s Governing Documents, at the discretion of LSHP

GP, as the managing member of the LSHP Feeder Fund, LSHP GP (and certain Limited Partners) (the “**LSHP Carry Recipients**”) may receive, in the aggregate, from amounts otherwise distributable by the LSHP Feeder Fund to certain members of the LSHP Feeder Fund who cease to be a managing director of LFCM Holdings LLC or Lazard, a Carried Interest in excess of that described in the preceding sentence, but not to exceed 20% of all aggregate realized profits. None of the Advisers is entitled to receive a Carried Interest from LFSRI Investors II L.P. or Strategic Realty LLC and the members and partners of such entities do not indirectly bear any Carried Interest.

TYPES OF CLIENTS

Lazard Alternative Investments LLC provides investment advice to Private Investment Funds, including the Funds. Private Investment Funds may include 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 investors participating in Private Investment Funds may include individuals, banks or thrift institutions, 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 Lazard Alternative Investments LLC and its affiliates.

Each of the Funds is currently closed to new investors. Interests in the Funds were offered and sold solely to accredited investors within the meaning of the rules promulgated under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”).

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Lazard Alternative Investments LLC is a privately owned private equity and real estate investment firm that specializes in researching, conceptualizing and executing investment strategies based upon proprietary data and ideas. The primary emphasis of the firm is to seek to carefully manage the risks inherent in investing while producing attractive returns through the Funds.

The Advisers provide investment advisory services to the Funds, as applicable. There can be no assurance that the Advisers will achieve the investment objectives of each of the Funds, as applicable, and a loss of investment may be possible.

Investment and Operating Strategies

LFSRI I and the Feeder Funds are no longer actively making investments and are in the process of winding down their business and affairs.

Risks of Investment

An investment in the Funds involves a high degree of risk and, therefore, should be undertaken only by qualified investors whose financial resources are sufficient to enable them to assume these risks and to bear the loss of all or part of their investment. The following risk

factors should be considered carefully, but are not meant to be an exhaustive listing of all potential risks associated with an investment in the Funds. Investors should consult with their own financial, legal and tax advisors prior to investing in the Funds.

Risks of Real Estate Investments

The Funds' investments are subject to the risks inherent in the ownership of real estate assets. These risks include, but are not limited to, the burdens of ownership of real property, general and local economic conditions, adverse local market conditions, the financial conditions of tenants, buyers and sellers of properties, changes in building, environmental, zoning and other laws, changes in real property tax rates, changes in interest rates and the availability of debt financing, changes in operating costs, negative developments in the local, national or global economy, risks due to dependence on cash flow, environmental liabilities, uninsured casualties, natural disasters (including earthquakes, fire, hurricanes, tornadoes, volcanic eruptions, windstorms and floods), acts of war (declared or undeclared), hostilities, terrorist acts, strikes and other factors which are beyond the control of the General Partners.

Investments in Land/New Development

To the extent that the Funds invest in undeveloped land or underdeveloped real property, they will be subject to the risks normally associated with such assets and development activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning, building, land use and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the Funds, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. 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 Funds. Properties under development or properties acquired to be developed may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development which makes such development less attractive than at the time it was commenced.

Investments in Operating Companies; Restructurings

To the extent a Fund invests in an operating company, the success of the Fund's investment strategy may depend, in part, on the ability of the Fund to restructure and effect improvements in the operations of such companies. Investments in operating companies present additional unique risks vis-à-vis investments in real estate assets generally, and the activity of identifying and implementing restructuring programs and operational improvements at the operating company level entails a high degree of uncertainty. There can be no assurance that the Funds will be able to successfully identify and implement such restructuring programs and improvements.

Financial Market Fluctuations; Market Risks Related to Publicly Traded Securities

General fluctuations in the market prices of securities may affect the value of the investments held by the Fund. Instability in the securities markets may also increase the risks inherent in the Funds' Investments. The ability of companies or businesses in which the Funds may invest to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise.

Additionally, the Funds may hold investments in publicly traded securities. The market value of publicly traded investments may fluctuate substantially and the fluctuations may result from changes in economic, political, interest rate and other conditions that are not directly related to the investments. Even if an investment is publicly traded, the liquidity of that investment will be affected by a number of factors, including the percentage of the issuer's outstanding securities that is owned by the Funds, whether the Funds are considered to be an affiliate of the issuer for securities law purposes, the daily volume of transactions, the total market capitalization and the overall market condition. Thus, there is no assurance that publicly traded investments will be readily sold when the Funds desire to liquidate their investment or that the value realized will reflect the fair value of the Funds' investment.

Illiquidity of Investments

Certain investments held by the Funds may be illiquid. Given the nature of the investments of the Funds, there is a significant risk that the Funds may be unable to realize their investment objectives by sale or other disposition at attractive prices, within any given period of time, or will otherwise be unable to complete any exit strategy. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in economic conditions, and changes in laws, regulations or fiscal policies of jurisdictions in which investments are made. In addition, illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on the resale of investments by the Funds. Investments may also be subject to limitations on transfer or other restrictions that would interfere with the subsequent dispositions of such investments or adversely affect the terms that could be obtained upon any disposition thereof.

Investment in Troubled Assets

Investment in the Funds requires a long-term commitment with no certainty of return. The Funds may hold investments in real estate-related assets and businesses which are distressed or experiencing or are expected to experience severe financial difficulties which may never be overcome. There may be little or no near-term cash flow available to the Partners. Since the Funds only hold a limited number of investments and since many of the investments may involve a high degree of risk, poor performance by few of the investments could severely affect the total returns to the Partners. The Funds may hold investments in non-performing, sub-performing, distressed, undercapitalized or other troubled assets, which may involve a high degree of financial risk. As a result of the speculative nature of the Funds' investments, the possibility of partial or total loss of capital exists.

Leverage

The Funds may use a substantial amount of leverage in connection with their investments. This leverage would increase the exposure of such investments to adverse economic factors such as significantly rising interest rates, severe economic downturns or deteriorations in the condition of the real estate investment or their market. Lenders or other holders of senior positions are entitled to a preferred cash flow prior to the Funds receiving a return on leveraged investments, and, in the event an investment is unable to generate sufficient cash flow to meet the principal and interest payments on their indebtedness, the value of a Fund's equity investment in such investment could be significantly reduced or even eliminated. Certain tax-exempt investors may realize unrelated business taxable income and certain foreign investors may be subject to United States taxation because of a Fund's use of leverage.

Inability to Refinance Investment

If a Fund makes an investment in a transaction with the intent of refinancing a portion of the equity investment, there is a risk that the Fund may be unable to complete successfully the refinancing. There is also a risk that certain investments with financing in place may be difficult or impossible to refinance when the loan matures. The inability to complete a refinancing or to complete one as quickly as originally planned would lead to increased risk as a result of the Fund having a larger long-term investment than expected and reduced diversification. In addition, if a loan matured before refinancing could be procured, the lender could foreclose on the collateral and the Funds might suffer losses as a result of that foreclosure.

Hedging Transactions

The Funds may employ hedging techniques designed to protect the Funds from the risks associated with movements in interest rates, currency prices, foreign exchange rates, stock prices, other fluctuations in the price or value of financial instruments or markets affecting the Funds or their investments or otherwise in furtherance of the objectives of the Funds. While such transactions may reduce certain risks, such transactions themselves entail certain other risks or react to movements differently than originally expected. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, currency prices or foreign exchange rates may result in a poorer overall performance for the Funds than if they had not entered into such hedging transactions. In addition, there is no limit on the exposure that the Funds may incur to any single counterparty under over-the-counter derivatives instruments, exchange-listed securities options, repurchase agreements or other similar transactions and, as a result, if any such counterparty became unable to pay amounts due to the Funds on such instruments or transactions, the financial losses to the Funds would be greater than if such limits were imposed.

Risks of Acquiring Real Estate Loans

Real estate loans acquired by the Funds may be at the time of their acquisition, or may become after acquisition, non-performing for a wide variety of reasons. Such non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial

write-down of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that upon maturity of such real estate loan, replacement “takeout” financing may not be available. If the Funds acquire a non-performing real estate loan it is likely that it will do so with the goal of foreclosing on the collateral securing it. The foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including, without limitation, lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some jurisdictions, foreclosure actions can take up to several years or more to conclude. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property. Under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Funds and distributions by the Funds to their Partners may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. In addition, even if a loan does not become a non-performing loan, their value may be substantially impaired if an uninsured or under-insured loss affecting the collateral occurs. For example, if the borrower does not maintain coverage against terrorist acts, the lender will have the risk of any loss resulting from acts of terrorism and may be unable to realize full repayment of the loan.

Environmental Liabilities

Under various United States federal, state and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner’s liability therefore as to any property is generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the Funds’ ability to sell real estate they acquire, either as an equity investment or through foreclosure and loan investment, or to borrow using such property as collateral.

General Economic and Market Conditions

The real estate industry generally and the success of the Funds’ investment activities will both be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. A sustained downturn in the United States or global economy (or any particular segment thereof) could adversely affect the Funds’ profitability, impede the ability of the Funds’ portfolio companies to perform under or refinance their existing obligations, and impair the Funds’ ability to effectively exit its investment on favorable terms. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain investments, which losses will likely be exacerbated by the presence of leverage.

Uninsured Losses

The Funds attempt to maintain insurance coverage against liability to third parties and property damage as is customary for similarly situated businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Insurance against certain risks, such as acts of terrorism, earthquakes, hurricanes or floods, may be unavailable, available in amounts that are less than the full market value or replacement costs of investment properties or subject to a large deductible. In addition, there can be no assurance that particular risks will continue to be insurable on an economically feasible basis. Operators of senior housing properties, for example, are often subject to claims that their services have resulted in resident injury or other adverse effects. Many of these operators have experienced an increasing trend in the frequency and severity of professional and general liability insurance claims and litigation asserted against them. The insurance coverage maintained by the Funds facilities may not cover all claims made against them.

Risk of Limited Number of Investments; Lack of Diversification

The Funds participate in a limited number of investments and, as a consequence, the aggregate return of the Funds may be substantially affected by the unfavorable performance of even a single investment. Investors have no assurance as to the degree of diversification in the Funds' investments, either by geographic region or asset type.

Recourse to the Funds Assets

The Funds' assets, including any investments made by the Funds and any funds held by the Funds, may be available to satisfy all liabilities and other obligations of the Funds. If the Funds become subject to a liability, parties seeking to have the liability satisfied may have recourse to the Funds assets generally and not be limited to any particular asset, such as the asset representing the investment giving rise to the liability.

No Assurance of Investment Return

The Advisers cannot provide assurance that they will be able to choose, make, and realize investments in any particular investment. There can be no assurance that the Funds will be able to generate returns for its Partners or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. Past activities of investment entities associated with LAI provide no assurance of future success.

Limited Current Return

The return of capital and the realization of gains, if any, generally occur only upon the partial or complete disposition of an investment. It is expected that most of the Funds' investments will not be sold until a number of years after they are made. Although current returns from investments may vary, in such cases prior to partial or complete disposition there generally is no current return on an investment, and the General Partners are not obligated to manage investments to maximize current returns.

Expedited Transactions

Investment analyses and decisions by the General Partners may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the General Partners at the time of making an investment decision may be limited, and the General Partners may not have access to detailed information regarding the investment property, such as physical and structural condition and characteristics, environmental matters, zoning regulations or other local conditions affecting an investment property. Therefore, no assurance can be given that the General Partners will have knowledge of all circumstances that may adversely affect an investment. In addition, the General Partners expects to rely upon independent consultants, in connection with their evaluation of proposed investment properties.

Reliance on Third Parties

The Funds may make investments through partnerships, joint ventures or other entities with third parties. Such investments may involve risks not present in investments where a third party is not involved, including, for example, the possibility that a co-venturer or partner of the Funds might become bankrupt, or may at any time have economic or business interests or goals which are inconsistent with those of the Funds, or that such co-venturers or partners may be in a position to take action contrary to the Funds' objectives. As a result, the Funds may be unable to fully realize their expected return on any such investment. In addition, the Funds may be liable in certain circumstances for actions of their co-venturers or partners. While the General Partners review the qualifications and previous experience of co-venturers or partners, they do not expect to obtain financial information from, or to undertake private investigations with respect to, prospective co-venturers or partners.

Reliance on Advisers

The Funds are managed exclusively by the General Partners. The Limited Partners do not make decisions with respect to the acquisition, management, disposition or other realization of any investment, or other decisions regarding the Funds' business and affairs.

Absence of recourse to the General Partners

The Partnership Agreement includes exculpation and indemnification provisions that limit the circumstances under which the General Partners may be held liable to the Funds. As a result, Limited Partners may have a more limited right of action in certain cases than they would in the absence of such limitations.

Provision of Managerial Assistance

The Funds may designate one or more persons to serve on the board of directors of their portfolio companies. The designation of directors and the exercise of other management rights with respect to portfolio companies could expose the assets of the Funds to claims by a portfolio company, its security holders, and its creditors. While the General Partners intend to minimize exposure to these risks, the possibility of successful claims cannot be precluded.

Potential Conflicts of Interest

In connection with the management of a Fund, the General Partner is deemed to have a fiduciary relationship with the Funds, and consequently the responsibility for dealing fairly with the Funds. The Advisers are part of a financial services firm that engages in a number of activities including broker-dealer activities, investment management, sponsoring and managing private investment funds, and other activities. In the ordinary course of their businesses, the Advisers or their affiliates may engage in activities where their interests or the interests of their clients may conflict with the interests of the Funds and the Limited Partners, notwithstanding the participation of certain managing directors and employees as managing principals of the Advisers and investments in the Funds by the Advisers and/or certain of their respective employees, members and partners.

Other Businesses

As part of its regular businesses, the Advisers, their affiliates and/or their employees may hold, purchase, sell and trade both for their own accounts and for the accounts of others, on a principal or agency basis, loans, securities and other investments and financial instruments of all types. The Advisers, their affiliates and/or their employees may hold, purchase, sell, make commitments in respect of or trade in securities or investments of the type that may be suitable for the Funds. The Advisers, their affiliates and/or their employees, for their own accounts or for the accounts of others, may also take positions, give advice and provide recommendations contrary to those which may be taken by, given or provided to the Funds and may hold interests potentially adverse to those of the Funds even though the objective of such account may be the same as, or similar to, that of the Funds. The foregoing activities of the Advisers, their affiliates and/or their employees could result in securities law restrictions on transactions in such securities by the Funds, affect the prices of the Funds' investments or the ability of the Funds to dispose of such investments, and otherwise create conflicts of interest for the Funds, which could have an adverse impact on the Funds performance. In conducting the aforementioned activities other than on behalf of the Funds, the Advisers, their affiliates and/or their employees will be acting for their own accounts or the accounts of others and will have no obligation to act in the interest of the Funds.

Underwriting Transactions

Certain of the Funds' investments may include securities of entities for which an affiliate of the Advisers has acted as underwriter, agent, placement agent or dealer or for which an affiliate of the Advisers has acted as lender or provided other services. Although the Advisers and/or the Funds may be subject to restrictions with respect to such investments, certain of the Funds' investments may consist of securities of issuers in which an affiliate of the Advisers has a substantial equity interest (including investments at different levels of such an issuer's capital structure) and potential conflicts of interest could arise as a result thereof.

Lending Transactions

An affiliate of the Advisers may lend money to portfolio companies of the Funds or to companies that are obligors of certain of the Funds' investments, or to affiliates of such obligors,

or may receive guarantees from such portfolio companies or obligors. In making and administering such loans, such affiliate will be under no obligation to take into account the interests of the Funds and may take actions that may be contrary to the interests of the Funds. In any such event, the security issued by the borrower or the guarantor or affiliate that is owned by the Funds might lose some or all of its value.

Compensation for Services

An affiliate of the Advisers, directly or indirectly through one or more of its subsidiaries or affiliates, may perform brokerage and other financial, investment, advisory and consulting services for, and will in such cases receive customary compensation from, the Funds' portfolio companies, the Funds or other parties in connection with transactions related to the Funds' investments or otherwise. Such compensation could include, without limitation, financing or commitment fees and brokerage fees. Compensation for these services will not be shared with the Limited Partners.

Management of the Funds

All of the officers, managers, and members of the General Partners and Lazard Alternative Investments LLC are involved, and will continue to be involved, in many other business activities. Certain principals of the Advisers are also currently employed by Lazard. Additionally, certain Advisers' investment committee members are also employed by Lazard. Each of such persons will spend the time they deem appropriate on the business affairs of the Funds. A conflict of interest may arise in connection with such persons' determination of the amount of their time and attention they will allocate to the Advisers, Lazard and/or any of its affiliates. Historically, the Advisers have also appointed affiliates of Lazard to act as service providers to the Funds with the consent of the advisory committee of the relevant Fund and may do so in the future subject to obtaining the consent of the advisory committee of the relevant fund.

Confidential Information

Certain personnel of the Advisers may receive material non-public information. Possession of any such non-public information by such persons may preclude the Funds from engaging in certain transactions or impose restrictions on certain transactions in which the Funds desires to engage.

Potential Conflicts of Interest Among Funds

Conflicts of interest may arise if the aggregate amount of equity securities owned by two or more Funds may not or should not be sold at one time either because it would be too much for the market to absorb at once or because of regulatory restrictions on the sales. In addition, if one Fund is given the opportunity to appoint a member of the board of directors of the issuer of such securities, another Fund may be subject to restrictions on the sale of their securities in such company as a result of the attribution of confidential information known by such director to such other Fund. Finally, as a result of the fact that a transaction involving more than one Fund may occur at different points in the respective terms of such Funds, it may be in the interest of one such Fund to hold the securities that it received in such transaction while it is in the interest of

another such Fund to sell all of the securities that it received in such transaction as soon as possible, which sale may have an adverse impact on the value of the securities of such company owned by such other Fund.

Carried Interest

The existence of the Carried Interest may create an incentive for the General Partners to approve, and cause the Funds to make, more speculative investments than it would otherwise make in the absence of such performance-based compensation.

Allocation of Expenses

Lazard Alternative Investments LLC and the General Partners may from time to time incur expenses on behalf of the Funds and one or more other entities established or managed by them. Although Lazard Alternative Investments LLC and the General Partners attempt to allocate such expenses on a basis that they consider equitable, there can be no assurance that such expenses will in all cases be allocated strictly on a formulaic basis.

DISCIPLINARY INFORMATION

Lazard Alternative Investments LLC 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

Lazard Alternative Investments LLC is affiliated with other investment advisers registered with the SEC under the Advisers Act (pursuant to Lazard Alternative Investments LLC's registration in accordance with SEC guidance). The other investment advisers operate as a single advisory business together with Lazard Alternative Investments LLC and may serve as managers or general partners of the Funds and other pooled vehicles and certain affiliates may share common owners, officers, partners, employees, consultants or persons occupying similar positions with Lazard Alternative Investments LLC.

Certain management persons of Lazard Alternative Investments LLC are registered representatives of Lazard Frères & Co. LLC and/or Lazard Capital Markets LLC, each of which is a broker-dealer.

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

The Advisers have adopted the LAI Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”), which sets forth standards of conduct that are expected of LAI principals and employees and addresses conflicts that arise from personal trading. The Code requires LAI personnel to report their personal securities transactions, requires pre-clearance for LAI personnel to directly or indirectly acquire beneficial ownership of securities in an initial public offering, and prohibits LAI personnel from directly or indirectly acquiring beneficial ownership of securities in any limited offering without first obtaining approval from the Lazard Alternate Investments LLC Chief Compliance Officer and compliance with other applicable

procedures. A copy of the Code will be provided to any Limited Partners or prospective Limited Partners upon request to Marjorie L. Reifenberg, the LAI Chief Compliance Officer, at (212) 632-6339. 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 are prohibited from communicating such information to clients, and the Advisers 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 the Advisers' personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of the Advisers and their affiliates may directly or indirectly own an interest in Private Investment Funds, including the Funds or 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 Funds.

The Funds and other Private Investment Funds may invest together with other Funds advised by an affiliated adviser of Lazard Alternative Investments LLC in the manner set forth in their Governing Documents. The Advisers determine the allocation of investment opportunities in a manner that it believes is fair and equitable to its clients consistent with the Advisers' obligations and may take into consideration factors such as the following: the client's investment restrictions and objectives (including those set forth in the relevant client's Governing Documents, where applicable), investment and operating guidelines, diversification limitations, tax and regulatory considerations, and other relevant factors, including risk.

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 Funds, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for the Funds even though their investment objectives may be the same or similar.

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 retained. However, the Advisers may also distribute securities to investors in Funds or sell such securities, including through using a broker-dealer, if a public

trading market exists. To the extent the advisers engage in public securities transactions, they follow the brokerage practices described below.

If any Adviser sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions. In such event, the Adviser seeks 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) responsiveness to requests for trade data and other financial information.

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 endeavors 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 anticipate that they would, in the context of any public securities transactions, generally seek competitive commission rates, they also anticipate that they might not necessarily pay the lowest commission or commission equivalent. Such 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 best execution, any such brokerage commissions on client transactions are not currently, but may in the future, 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. If that were to occur, any such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, it is expected that, in any such case, research provided by these brokers would be used to service all of the Advisers’ Private Investment Funds. However, in any such case, each and every research service might not be used for the benefit of each and every Private Investment Fund managed by the Advisers, and brokerage commissions paid by one Private Investment Fund might apply towards payment for research services that might not be used in the service of such Private Investment Fund. Any such research services might be shared among the Advisers and their affiliates.

The Advisers do not anticipate employing any agreement or formula for the allocation of brokerage business on the basis of research services; however, the Advisers may, in their discretion, cause the Private Investment Funds to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where the Advisers have determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, the Advisers would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

To the extent brokers are used, the Advisers may determine which brokers have provided research that has been helpful in the management of Private Investment Funds. To the extent consistent with the Advisers' goal to seek best execution for the Funds, the Advisers may seek to place a portion of the trades that they direct with the brokers who are identified through this process.

To the extent that the Adviser allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Private Investment Funds' interest in receiving most favorable execution.

To the extent that the Advisers engage in transactions on behalf of the Funds, orders for purchase or sale of securities placed first generally are executed first. 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 seeking 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 Funds of the Advisers is favored over any other Private Investment Funds. When an aggregated order is filled in its entirety, each participating Private Investment Fund generally receives 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 Fund.

Each Private Investment Fund generally receives the average price obtained on all such purchases or sales made during such trading day. Exceptions to *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 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 Funds invest, and the LAI Chief Compliance Officer periodically checks to confirm that each Private Investment Fund is maintained in accordance with its stated objectives.

Each Fund provides to each of its Limited Partners (i) annual GAAP audited and quarterly unaudited financial statements (except that, in the case of the Feeder Funds, such annual financial statements are unaudited), (ii) annual tax information necessary for such Limited Partner's tax return and (iii) at the time of delivery of the financial statements, reports providing a description of all investments held by the applicable Fund and a narrative summary of the status of each such investment. The Feeder Funds are also currently subject to an annual surprise examination of their assets to verify custody.

CLIENT REFERRALS AND OTHER COMPENSATION

Lazard Alternative Investments LLC and/or its affiliates may provide certain business or consulting services to companies in each Fund portfolio and may receive compensation from these companies in connection with such services. As described in the Funds' Governing Documents, this compensation may, in many cases, offset a portion of the Management Fees paid by Funds. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees.

There are currently no solicitation arrangements in place relating to the solicitation of investors for investment in any Fund.

CUSTODY

The General Partners maintain custody of the Funds' assets held in each Fund name with the following qualified custodians: JPMorgan Chase Bank, N.A. and Deutsche Bank National Trust Company. Limited Partners of certain Funds will receive account statements from such Funds' custodians and such Limited Partners should carefully review such statements.

INVESTMENT DISCRETION

The General Partners have discretionary authority to manage the investments on behalf of each Fund as described under "Advisory Business." As a general policy, the Advisers do not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, the Advisers or the Funds may enter into "side letter" arrangements with certain Limited Partners whereby the terms applicable to such Limited Partners' investment in the Funds 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 General Partners assume this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the Limited Partners of Funds.

VOTING CLIENT SECURITIES

The Advisers have adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how they will vote proxies, as applicable, for each Fund's (and any Private Investment Fund's) portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Each of the Advisers generally believes its interests are aligned with those of the Funds' Limited Partners and therefore does not seek Limited Partners 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 Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of the Funds' advisory committees on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, the Funds' advisory committees may approve the Adviser's vote in a particular solicitation. The Advisers do not consider service on portfolio company boards by LAI personnel or their receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when

voting proxies on behalf of the Funds. If you would like a copy of the Advisers' complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, please contact Marjorie L. Reifenberg, the LAI Chief Compliance Officer, at (212) 632-6339 and it will be provided to you at no charge.

FINANCIAL INFORMATION

Lazard Alternative Investments LLC does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.