

Form ADV Part 2A: Firm Brochure

Long Pond Capital, LP

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This brochure provides information about the qualifications and business practices of Long Pond Capital, LP and its affiliates (collectively “Long Pond” or “Advisor”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer at (212) 351-1970 or email afamiglietti@longpond.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Long Pond is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Item 2: Material Changes

Long Pond's business activities have not changed materially since the time of the last update.

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Item 4: Advisory Business

Long Pond is an investment advisory firm organized as a limited partnership under the laws of the State of Delaware. Long Pond was formed in 2010 and has been a registered investment advisor since February 2012. Long Pond Capital, LP is owned by John Khoury who serves as Managing Partner and Portfolio Manager. As of December 31, 2013, Long Pond had \$1.632 billion in regulatory assets under management. Long Pond manages all client assets on a discretionary basis.

Long Pond serves as an investment manager and provides discretionary investment advisory services to several affiliated pooled investment vehicles, including Long Pond Capital QP Fund LP and Long Pond Offshore Ltd. (the “Feeder Funds”) and Long Pond U.S. Master LP and Long Pond Offshore Master, L.P. (the “Master Funds,” and, collectively with the Feeder Funds, the “Funds”). The Feeder Funds invest substantially all of their capital in a “master-feeder” structure, conducting their investment and trading activities indirectly through their investment in the Master Funds. The purpose of the Master Funds is to achieve trading and administrative efficiencies. Thus, an investment in the Feeder Funds is the functional and economic equivalent of an investment in the Master Funds. Long Pond seeks to maximize long-term absolute returns on behalf of the Funds through long/short equity investments primarily in the real estate and real estate-related sectors.

Long Pond also serves as an investment manager to the Long Pond Special Situation Master Fund, L.P. and its related feeder funds, Long Pond U.S. Special Situation Fund, LP and Long Pond Special Situation Offshore, Ltd. (collectively, the “Special Situation Funds”). The Special Situation Funds were set up for the purpose of investing in the securities of a single real estate related company and are not open to new investment.

Long Pond manages the assets of the Funds in accordance with the investment strategy set forth in each Feeder Fund’s confidential offering memorandum, but does not otherwise tailor its investment advice to the individual needs of clients. Neither the Funds nor their underlying investors may impose restrictions on investing in certain securities or types of securities.

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

Item 5: Fees and Compensation

General

Long Pond (or an affiliate) typically receives compensation from the Funds in the form of fees based on a percentage of assets under management and performance-based profit allocations.

Management Fee

The Feeder Funds pay Long Pond a management fee, which is calculated and payable quarterly in advance at an annual rate of 1.5% of each limited partner’s capital account balance or the net asset value of each shareholder’s shares, as applicable. Long Pond and its affiliates reserve the right to

waive or reduce management fees for certain investors in the Feeder Funds, including employees, family members, strategic partners, advisors and consultants and others as may be determined in Long Pond's sole discretion. In the limited circumstances when an investor in one of the Feeder Funds makes a redemption/withdrawal as of a date other than the end of a calendar quarter, the management fee will be appropriately pro-rated and the excess returned to the relevant Investor. All management fees received by Long Pond are deducted directly from each Feeder Fund's account.

Performance Allocation

Long Pond (or an affiliate) receives an annual performance-based profits allocation from each of Long Pond Capital QP, LP and Long Pond Offshore Master, L.P., equal to 20% of the net realized and unrealized profits of the applicable Fund for such fiscal year, subject to a "high water mark." A "high water mark" ensures that Long Pond (or its affiliate) only receive performance compensation when an investor's account value for the year has recovered any losses from prior years.

Long Pond's affiliate deducts its performance-based compensation described above from the applicable Fund's account at the end of each year, or whenever an investor in a Feeder Fund is making a withdrawal or redemption, as applicable, but only on the withdrawn or redeemed amount.

Other Expenses Charged to the Funds

The Funds bear all costs and expenses directly related to their investment program, including expenses related to proxies, underwriting and private placements, brokerage commissions, research, interest on debit balances or borrowings, custody fees and any withholding or transfer taxes imposed on the Funds. The Funds also bear all of their organizational expenses and the out-of-pocket costs of the administration and operation of the Funds, including accounting, audit, tax and legal expenses; costs of any litigation or investigation involving the Funds' activities; and costs associated with reporting and providing information to investors and prospective investors. However, Long Pond may, in its sole discretion, choose to absorb any such expenses incurred on behalf of the Funds. Each Feeder Fund, as a limited partner of a Master Fund, will also bear its pro rata portion of any similar expenses incurred at the Master Fund level.

For additional information regarding brokerage practices please refer to Item 12. Brokerage Practices of this brochure.

Neither Long Pond nor any of its supervised persons receives any compensation for the sale of securities or other investment products.

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

Long Pond or its affiliates receive performance-based compensation in the form of "performance allocations," as described in Item 5 above. Long Pond does not have any clients that are not charged performance-based compensation. The fact that a significant portion of Long Pond's compensation (and its affiliates' and investment professionals' compensation) is directly computed on the basis of profits generated by the trading activities of the Funds may create an

incentive for Long Pond to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. Long Pond mitigates this risk associated with this conflict of interest through written policies and procedures. Additionally, Long Pond believes through the Managing Partner's investment in the Funds, its interest is aligned with its clients.

Item 7: Types of Clients(or an affiliate)

All of Long Pond's investment advisory clients are private investment funds. Investors in the Funds may include, but are not limited to, high net worth individuals, pension plans (corporate, state and foreign), sovereign wealth funds, endowments, foundations, banks, pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, and corporate or business entities.

Each of the Feeder Funds generally requires a minimum investment of \$1 million; however, Long Pond maintains discretion to accept less than the minimum investment threshold

This firm brochure is not an offer to invest in any of Long Pond's private investment fund clients.

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

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

Long Pond seeks to conduct thorough bottom-up research and generally builds detailed proprietary valuation models and incorporates due diligence supported by its research. Long Pond

often utilizes asset-by-asset valuations and seeks out under-earning and non-income producing assets that are overlooked by public market participants who are principally focused on cash flow. Long Pond revisits management teams and updates comparable analysis in the public and private real estate markets.

Risk of Loss

All investments risk the loss of capital. No guarantee or representation is made that Long Pond's investment program will be successful, and investment results may vary substantially over time. Careful consideration should be given to, among others, the risk factors described in this section.

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

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

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

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

fluctuates. No guarantee or representation is made that the Funds' investment objective will be achieved.

Market Conditions. The Funds, their prime broker(s) and other financial institutions' financial condition may be adversely affected by market conditions and they may become subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on the Funds' business and operations. Moreover, market conditions have substantially reduced the availability of credit, which may have a material adverse effect on the Funds' ability to achieve their investment objective with respect to any particular investment and/or the Funds' entire portfolio, which could have a material adverse effect on the Funds' overall return objectives.

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

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

Real Estate Industry and REIT Risks. Long Pond intends invest the Funds' assets primarily in companies in the real estate industry and, therefore, may be subject to risks associated with the direct ownership of real estate, such as decreases in real estate values, overbuilding, increased competition and other risks related to local or general economic conditions, increases in operating costs and property taxes, changes in zoning laws, casualty or condemnation losses, possible environmental liabilities, regulatory limitations on rent and fluctuations in rental income. Equity

REITs generally experience these risks directly through fee or leasehold interests, whereas mortgage REITs generally experience these risks indirectly through mortgage interests, unless the mortgage REIT forecloses on the underlying real estate. REITs in which the Funds invest may be affected by changes in underlying real estate values, which may have an exaggerated effect to the extent that REITs in which the Funds invest may concentrate investments in particular geographic regions or property types. Additionally, rising interest rates may cause investors in REITs to demand a higher annual yield from future distributions, which may in turn decrease market prices for equity securities issued by REITs. Rising interest rates also generally increase the costs of obtaining financing, which could cause the value of the Funds' investments to decline. During periods of declining interest rates, certain mortgage REITs may hold mortgages that the mortgagors elect to prepay, which prepayment may diminish the yield on securities issued by such mortgage REITs. In addition, mortgage REITs may be affected by the ability of borrowers to repay when due the debt extended by the REIT and equity REITs may be affected by the ability of tenants to pay rent. Certain REITs have relatively small market capitalizations, which may tend to increase the volatility of the market price of securities issued by such REITs. Furthermore, REITs are dependent upon specialized management skills, have limited diversification and are, therefore, subject to risks inherent in operating and financing a limited number of projects. REITs depend generally on their ability to generate cash flow to make distributions to investors.

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

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

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither Long Pond nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events that would require disclosure in response to this Item.

Item 10: Other Financial Industry Activities and Affiliations

Neither Long Pond nor any of its directors, officers or principals is registered as a broker-dealer or a representative of a broker-dealer or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither Long Pond nor any of its directors, officers or principals is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or is an associated person of any of the above.

Affiliations With Pooled Investment Vehicles

Long Pond sponsored the formation of its private fund clients. An affiliate of Long Pond serves as the general partner to some of Long Pond's fund clients. Long Pond's clients do not have independent management, and Long Pond selected the initial directors for the offshore fund that is structured as a corporation. Although this arrangement may give Long Pond heightened control and discretion over its clients, Long Pond manages any potential conflicts of interest by adhering to the investment strategy and investment allocation policy discussed in the Feeder Fund's private offering memoranda.

Long Pond does not recommend or select other investment advisers for its clients.

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

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

- All Employees are subject to pre-clearance procedures for certain personal securities transactions;

- All Employees are prohibited from trading, either personally or on behalf of others, in securities except in situations where Long Pond believes such personal investments will not create a conflict of interest between Long Pond, its Employees and its clients;
- All employees are required to submit regular reports of certain holdings and security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest; and
- Employees are required to certify annually that they will follow Long Pond's Code, including its insider trading policies and procedures.

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

Long Pond and its affiliates and Employees do not buy or sell for client accounts securities in which they have a material financial interest.

Generally, Employees may not invest in securities that would be an appropriate investment for Long Pond's clients. However, in limited circumstances, the Chief Compliance Officer may permit Employees to invest in the same securities that they recommend to clients, provided that all such trades are executed in a manner consistent with Long Pond's fiduciary obligations to its clients. In order to address any conflicts of interest, such trades by Employees must not be timed to precede orders placed for any client, nor should trading activity be so excessive as to conflict with the Employee's ability to fulfill daily job responsibilities. Additionally, Long Pond's Chief Compliance Officer must review and pre-approve most types of Employee personal securities trades and may disapprove any proposed transaction, particularly if the transaction appears to pose a conflict of interest or otherwise appears improper.

Generally, no Employee may execute a securities transaction on a day during which any of Long Pond's clients has a pending "buy" or "sell" order in that same security until that order is executed or withdrawn. This restriction on same day trades may be waived by Long Pond's Chief Compliance Officer in his discretion.

Generally, no Employee may execute a securities transaction for a period of seven (7) days prior to making any recommendation that any account managed or advised by Long Pond undertake any transaction in such security. Although this restriction primarily affects analysts, the Chief Compliance Officer monitors transactions by Employees in order to ascertain any pattern of conduct which may evidence conflicts or potential conflicts with the principles and objectives of this policy, including a pattern of front-running.

Item 12: Brokerage Practices

Securities transactions are executed by brokers selected by Long Pond in its sole discretion. In placing portfolio transactions, Long Pond will seek to obtain the best execution for the Funds, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty

of execution; the financial strength, integrity and stability of the broker; the broker's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying the Investment Manager's other selection criteria. In addition, subject to the Investment Manager's obligations to seek best execution, Long Pond may consider referrals of investors in selecting brokers.

Long Pond Utilizes Research and Other "Soft Dollar" Benefits. Long Pond is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research information, or to pay higher commissions to such firms if Long Pond determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. Long Pond is not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by Long Pond, and the management fee is not reduced as a consequence of the receipt of such supplemental research information.

Long Pond may use these research services and products in connection with its advisory services for any of its accounts, not necessarily for only the account that "paid" for them. For example, it might utilize research services that a broker-dealer provides for one of the Funds in connection with its advisory services for another Fund or account and vice versa. We aim to allocate soft dollar benefits in a fair and equitable manner, but may not necessarily allocate soft dollar benefits to each client's account in proportion to the soft dollar credits that each client generates.

Long Pond may from time to time engage brokerage firms with associated persons that invest in the Funds. However, Long Pond does not consider this as a factor in selecting brokers.

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

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

The Use of Soft Dollars Can Create a Conflict of Interest. Although Long Pond's policies require it to always obtain the best execution its clients by taking into account all applicable factors, using client transactions to obtain research and other benefits creates incentives that result in conflicts of interest between advisers and their clients. When Long Pond uses client markups or markdowns to obtain research products and services, Long Pond receives a benefit because it does not have to produce or pay for the research products and services. The availability of these benefits may influence Long Pond to select one broker-dealer rather than another to perform services for clients, based on its interest in receiving the products and services instead of on its clients' interest in receiving the best execution prices. Obtaining these benefits may cause its clients to pay higher fees than those charged by other broker-dealers.

The use of soft dollars to obtain research services creates a conflict of interest between Long Pond and its clients because its clients pay for products and services that are not exclusively for their benefit and that may be primarily or exclusively for the benefit of Long Pond or other clients. To the extent that Long Pond is able to acquire these products and services without expending its own resources, Long Pond's use of soft dollar benefits tends to increase its profitability.

Long Pond Uses Particular Procedures to Direct Transactions in Return for Soft Dollars. Long Pond directs its clients' transactions to broker-dealers based on overall best execution, as explained above. Long Pond's Best Execution Committee periodically reviews its brokerage practices and procedures to ensure that it is achieving best execution on all trades for its clients.

Clients Do Not Direct Brokerage. As all of Long Pond's clients are private investment funds, Long Pond selects all broker-dealers for its clients.

Trade Aggregation and Allocation

Sometimes Long Pond may decide that some or all of its clients should participate in the same investment opportunity. When Long Pond determines that it would be appropriate for more than one of its clients to participate in an investment opportunity, it seeks to execute orders for all of the participating investment accounts on an equitable basis. If Long Pond has determined to invest at the same time for more than one of the clients, Long Pond generally places combined orders for all such accounts simultaneously, and if all such orders are not filled at the same price, will generally average the prices paid. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, Long Pond will allocate the trade among the different accounts on a basis that it considers equitable. Ultimately, clients benefit when Long Pond aggregates trades because they receive volume discounts on execution costs.

Item 13: Review of Accounts

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

Long Pond has developed risk management systems that allow investment personnel to monitor security concentration, country exposure, sector exposure, liquidity, beta, value at risk and leverage. Investment personnel review such reports as necessary and during their weekly meetings.

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

Item 14: Client Referrals and Other Compensation

As stated in Item 12, Long Pond may allocate portfolio transactions to broker or dealers who provide research and/or related services. For a more detailed discussion of such practices refer to Item 12.

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

Item 15: Custody

While it is Long Pond's practice not to accept or maintain physical possession of any of its clients' assets, Long Pond is deemed to have custody of their assets under Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, because it has the authority to access clients' funds and deduct fees and expenses from clients' accounts.

In order to comply with Rule 206(4)-2, Long Pond utilizes the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all of its clients' assets. Long Pond also ensures that the qualified custodian maintains these funds in accounts that contain only clients' funds and securities. In accordance with Rule 206(4)-2, Long Pond also (1) engages an outside auditor to audit the clients' accounts at the end of each fiscal year and (2) distributes the results of the audit in audited financial statements that are prepared in accordance with United States generally accepted accounting principles to all investors in the Funds within 120 days after the end of the fiscal year.

Item 16: Investment Discretion

Long Pond accepts discretionary authority to manage its clients' assets through an investment management agreement with its clients.

Additionally, with respect to the Feeder Funds, before accepting their subscriptions for interests or shares in the Feeder Funds, as applicable, Long Pond provides all potential investors in the Feeder Funds with an offering document, which sets forth in detail the investment strategy and program. By completing the subscription documents to acquire an interest or shares in one of the Feeder Funds, investors give us complete authority to manage the capital contributed in accordance with the offering document received.

Item 17: Voting Client Securities

Long Pond has the authority to vote client securities and has implemented proxy voting policies and procedures in accordance with securities laws and its fiduciary obligations to its clients.

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

Long Pond is not required to vote every client proxy and abstaining from voting client proxies should not necessarily be construed as a violation of Long Pond's fiduciary obligations. Long Pond shall at no time ignore or neglect its proxy voting responsibilities. However, there may be times when refraining from voting is in the client's best interest, such as when an adviser's analysis of a particular client proxy reveals that the cost of voting the proxy may exceed the expected benefit to the client (i.e., casting a vote on a foreign security may require that the adviser engage a translator or travel to a foreign country to vote in person).

Long Pond's Chief Compliance Officer will reasonably try to assess any material conflicts between Long Pond's interests and those of its clients with respect to proxy voting. So long as there are no material conflicts of interest identified, Long Pond will vote proxies according to the policy set forth above. Long Pond may also elect to abstain from voting if it deems such abstinence in its clients' best interests.

If the Chief Compliance Officer detects a conflict of interest, Long Pond will, at its expense, engage the services of an outside proxy voting service or outside counsel who will provide an independent recommendation and/ or advice on the direction in which Long Pond should vote on the proposal.

Clients generally cannot direct Long Pond's proxy votes.

The Funds and investors may obtain information about how Long Pond has exercised voting rights with respect to assets held by the Funds by request to Long Pond. Also, the Funds and investors may obtain a copy of Long Pond's proxy voting policies and procedures upon request to Long Pond.

Item 18: Financial Information

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