

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

EQUITY INTERNATIONAL MANAGEMENT, LLC

**Two North Riverside Plaza
Suite 1500
Chicago, IL 60606
(312) 675-7400
<http://www.equityinternational.com>**

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This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Equity International Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (312) 675-7400. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Equity International Management, 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 Equity International Management, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2—MATERIAL CHANGES

There have been no material changes since the last Brochure of Equity International Management, LLC, dated March 27, 2014.

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ITEM 4—ADVISORY BUSINESS

Equity International Management, LLC (the “**Management Company**”) and several affiliated general partners (collectively, the “**General Partners**”, and together with the Management Company, “**Equity International**”) operate a single investment advisory business focused on sponsoring and managing private equity funds. All of the General Partners are disclosed in Item 7.A of the Management Company’s Form ADV Part 1A and deemed registered under the Advisers Act in accordance with SEC guidance. This Brochure therefore describes the business practices of the General Partners and Management Company, taken as a whole. The Management Company commenced operations in November 2005, and its predecessors commenced operations in June 1999.

Equity International’s existing clients include the following private investment funds (the “**Existing Funds**”):

- EI Fund II, L.P. (“**Fund II**”);
- EI Fund IV, L.P. (“**Fund IV**”);
- EI Fund V, L.P. (“**Fund V**”);
- EI TH Co-Invest, L.P. (“**TH Co-Invest**”);
- EI Co-Invest Fund V, L.P. (“**Fund V Co-Invest**”); and
- EI AV Fund, L.P. (“**AV Fund**”).

Equity International also advises EI Fund II Feeder, L.P., EI Fund IV Feeder, L.P., EI Fund V Feeder, L.P., EI TH Co-Invest Feeder, L.P., EI AV Feeder I, L.P., EI AV Feeder II, L.P. and EI AV Fund Sponsor, LLC (each a “**Feeder Fund**” and collectively, the “**Feeder Funds**”). The Feeder Funds invest directly or indirectly in the applicable Existing Funds as limited partners. The terms applicable to an investment in a Feeder Fund are substantially similar to the terms of an investment in the relevant Existing Fund, and accordingly you should read any reference to the activities of the Existing Funds to include the activities of the Feeder Funds unless otherwise noted. Furthermore, the Existing Funds and Feeder Funds, together with any future funds sponsored by Equity International required to be disclosed in Item 7.B of the Management Company’s Form ADV Part 1A, are referred to in this Brochure as the “**Funds**”.

Each of the General Partners generally has the authority to make investment decisions for the relevant Fund that it serves. The General Partners also generally contract with the Management Company to provide the day-to-day advisory services for the Funds. References to the strategy and operations of the General Partners throughout this Brochure should be read to include the activities of the Management Company and other Equity International affiliates that collectively engage in the investment process and ongoing management of the Funds’ investments.

The Funds are expected to make real estate related investments outside the United States. Equity International's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating and structuring investments, managing and monitoring the investments during the hold period and achieving dispositions. The Funds generally make investments in non-public companies, although investments in public companies are permitted and have been made in the past. Investments may be structured as debt, equity or hybrid securities. The funds may make direct investments in real estate assets. The senior principals and other personnel of Equity International oftentimes serve on a portfolio company's boards of directors or otherwise act to influence or exercise control over management of the portfolio companies held by the Funds.

Equity International's advisory services for the Funds are further described in the applicable private placement memoranda and Fund limited partnership agreements (each, a "**Fund Limited Partnership Agreement**"), as well as below under "*Methods of Analysis, Investment Strategies and Risk of Loss*" and "*Investment Discretion*". Investors in the Funds participate in the overall investment program for the applicable Fund. Equity International may enter into side letters or similar agreements with investors in the Funds that have the effect of establishing additional rights for the investor under, or altering or supplementing with respect to the investor, a Fund's limited partnership agreement. A Fund Limited Partnership Agreement typically includes restrictions on the types of investments that Equity International may cause the applicable Fund to make.

Equity International has regulatory assets under management of approximately \$916 million, all managed on a discretionary basis. Regulatory assets under management are measured as of December 31, 2014, except for those assets attributable to AV Fund and its related Feeder Funds disclosed in Item 7.B of Form ADV Part 1A, which are measured as of March 31, 2015.

The Management Company is principally owned by trusts and other entities established by or for the benefit of Sam Zell and members of his family and affiliates of The Olayan Group, a privately held multinational organization. References herein to ownership by Mr. Zell should be interpreted to include ownership by trusts and other entities established for the benefit of Mr. Zell and members of his family.

ITEM 5—FEES AND COMPENSATION

In general, the Funds pay a management fee to the Management Company and allocate a carried interest to the applicable General Partner for the advisory services rendered by them, as discussed in greater detail below.

The Feeder Funds do not generally pay a management fee or allocate a carried interest to the General Partners of the Feeder Funds. Instead, the Feeder Funds, and therefore the investors in the Feeder Funds indirectly, generally bear the Feeder Fund's pro rata share of the management fee and carried interest applicable to such Feeder Fund's investment in the relevant underlying Fund.

The following is a general description of fees, compensation and expenses of the Existing Funds. Differences exist from Fund to Fund, and some Funds may not charge the same fees, compensation or expenses that other Funds charge. The Fund Limited Partnership Agreements describe the relevant fees, compensation and expenses in greater detail. ***Fees are negotiable. An investor in a***

Fund may negotiate lower fees and other compensation to Equity International for its own benefit only, through side letters or other arrangements, which may not be disclosed to other investors in the same Fund.

Management Fees

The Funds generally pay the Management Company a management fee (the “**Management Fee**”), payable quarterly in advance, which during the investment period of the Fund is generally equal to 2.0% per annum of the aggregate investor capital commitments to the Fund (the “**Commitments**”). Investors subscribing for interests in a Fund after the initial closing generally bear the Management Fee from the initial closing. After the investment period of a Fund ends, and upon the occurrence of other events described in the relevant Fund Limited Partnership Agreement, the Management Fee will generally be equal to 2.0% of invested capital, which is measured as provided in the applicable Fund Limited Partnership Agreement. The Funds generally pay the Management Fee until the proceeds from all portfolio investments have been distributed, or until the Management Company or General Partner’s relationship with the Fund is terminated for the specified reasons described in the applicable Fund Limited Partnership Agreement and related agreements. Note Fund V Co-Invest and TH Co-Invest do not pay any Management Fee to Equity International, and AV Fund pays a reduced management fee.

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

Carried Interest

The General Partners of the Funds generally receive a carried interest equal to 20% of all profits in excess of a 9% compounded preferred return, subject to General Partner catch-up provisions, as described in the Fund Limited Partnership Agreements of the applicable Funds. The carried interest distributed to the General Partner is generally subject to a potential giveback at the end of the life of the Fund if the General Partner has received excess cumulative distributions. Note the General Partners of Fund V Co-Invest and TH Co-Invest will not charge any carried interest, and Equity International will charge a reduced carried interest to AV Fund.

Other Information

The Funds invest on a long-term basis. Accordingly, Management Fees and other compensation are expected to be paid, except as otherwise described in the Fund Limited Partnership Agreements, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem their interests in the Funds.

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

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

As more fully set forth in the applicable Fund Limited Partnership Agreement, the General Partners, the Management Company and their affiliates generally bear the following ordinary day-to-day expenses incidental to the administration of a Fund: (a) all costs and expenses relating to office space, facilities, utility service, supplies, necessary administrative and clerical functions in connection with the General Partners’ and Management Company’s activities, directors’ and officers’ liability or other similar insurance covering the Management Company or its affiliates

and certain other specified expenses; and (b) compensation of, and provision of benefits to, employees of the Management Company engaged in the operation or management of the Funds' activities, except as described below.

Equity International and its related persons may provide financial advisory, legal, tax, accounting and other services (“**Related Services**”) on an arms-length basis, for reasonable compensation, for the Funds and their portfolio companies, as set forth in greater detail in the Fund Limited Partnership Agreements. Any such fees payable would generally not offset Management Fees.

ITEM 6—PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under “*Fees and Compensation*,” the General Partners may receive a carried interest allocation on certain profits derived from the Funds. As noted above, Equity International does not charge Fund V Co-Invest or TH Co-Invest a Management Fee, and has not received an allocation of carried interest from either Fund. Both such Funds co-invest alongside Fund V. Since Fund V pays Management Fees and allocates carried interest to Equity International, Equity International could have an incentive to favor Fund V over Fund V Co-Invest; and on the other hand, since related persons of Equity International has invested all of the capital in Fund V Co-Invest, Equity International could have an incentive to favor Fund V Co-Invest over Fund V. Similarly, since Fund V pays Management Fees and allocates carried interest to Equity International, Equity International could have an incentive to favor Fund V over TH Co-Invest; and on the other hand, since significant limited partner investors of Equity International has invested capital in TH Co-Invest, Equity International could have an incentive to favor TH Co-Invest over Fund V. In practice, however, we do not believe there is a material conflict of interest in these cases since the relevant agreements generally require that both Fund V Co-Invest and TH Co-Invest invest alongside Fund V in the applicable portfolio companies at substantially the same times, and on substantially the same economic terms, as Fund V.

ITEM 7—TYPES OF CLIENTS

Equity International currently only provides investment advice to Funds, which generally consist of investment partnerships and other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The investors participating in Funds, both directly and indirectly through Feeder Funds or other legal structures, may include individuals, banks or thrift institutions, university endowments, fund-of-funds, pension and profit-sharing plans, trusts, estates, charitable organizations, other corporations or business entities and principals or other employees of Equity International and its affiliates.

The Funds generally have a minimum investment Commitment set forth in the applicable Fund Limited Partnership Agreement or private placement memorandum, which the General Partner generally may waive in its discretion. In most circumstances, investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment. Generally, investors must be (i) “accredited investors” as defined under Regulation D of the Securities act of 1933, as amended and (ii) either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act.

Equity International may offer co-investment opportunities to invest alongside a Fund, either directly in the investment made by the Fund or indirectly through an investment in another Fund that directly co-invests. For example, Equity International offered co-investment opportunities through investments in Fund V Co-Invest and TH Co-Invest, both of which have co-invested alongside Fund V. Equity International may offer co-invest opportunities based on various factors, including those specified from time to time in the Management Company's policies on investment allocation and co-investments. Specifically, Equity International may offer co-investment opportunities to invest alongside a Fund to some but not all of the investors in that Fund, or to third parties, as Equity International determines appropriate in its sole discretion. Furthermore, Equity International may charge investors that directly or indirectly co-invest different Management Fees, and cause them to bear different carried interest amounts, in its sole discretion. As discussed above in "*Fees and Compensation*", fees are negotiable. In addition, Equity International may charge co-investors more or less of certain expenses related to the investment (e.g., legal and other expenses associated with a portfolio company investment) than the Fund making the investment. Co-investors generally do not pay for expenses related to investments that are not consummated, or "dead deal expenses". Although co-investments alongside a Fund will generally be made on substantially the same terms as the Fund, there may be circumstances in which the terms differ to the detriment of either or both of the co-investors and the Fund. Some co-investors may also be provided the opportunity to sit, or have a representative sit, on the board of directors or board of advisors of the relevant portfolio company, which may offer the co-investors access to information and ability to influence the operations and decision-making of the portfolio company that are not necessarily available to other investors.

Opportunities to invest in a portfolio company of a Fund may be made available to any person or entity, including without limitation strategic investors, lenders, deal sources, other private equity or venture capital firms, Fund limited partners, other persons or entities affiliated, associated or otherwise known to Equity International and unrelated third parties. These opportunities may arise whenever a portfolio company requires additional capital, and Equity International determines that all or a portion of the applicable opportunity is not required to be offered to, or is not appropriate for, a Fund. Such determinations are based on the provisions of the applicable Funds' governing documents and such other factors as Equity International may consider in its sole discretion, including those that may be specified from time to time in its policies on investment allocation and co-investments.

ITEM 8—METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

Equity International is a private investment fund manager focused on real estate related investments outside of the United States. Equity International's investment advisory services consist of identifying and evaluating investment opportunities, negotiating investments, managing and monitoring investments and achieving dispositions. Equity International generally makes investments in non-public companies on behalf of the Funds, although investments in public companies may be made if permitted under the applicable Fund Limited Partnership Agreements.

Investments may be structured as debt, equity or hybrid securities. Investments may also be made in real estate assets directly.

Equity International generally focuses on growth investments with a target size of \$25 million to \$75 million in real estate related operating companies outside of the United States. Most of Equity International's historical investments have been for minority positions, although controlling stakes in companies may be achieved from time to time. Moreover, although the strategy has predominantly been growth capital, some historical investments have involved a secondary purchase of securities by an Existing Fund. Equity International's strategy generally entails co-investing alongside various operating and capital partners.

Investing involves risk of loss, which investors in the Funds should be prepared to bear. *There can be no assurance that the Funds will achieve the investment objectives established by Equity International, and a complete loss of capital is always possible.* Moreover, Equity International may adopt new strategies for future Funds, which are not disclosed below and may involve risks not covered in this Brochure.

Investment Themes

The following are some of the key themes Equity International has identified in our target markets and that have formed the basis for investments made by the Existing Funds:

- **Create Scalable Platforms – Undersupply of High-quality Real Estate.** Many of our target markets have traditionally had relatively inefficient real estate sectors. The legacy of this history is often an undersupply of high-quality real estate assets that, when combined with strong economic growth, often presents opportunities to create scalable real estate platforms on what we believe to be attractive terms. Equity International has invested capital from the Existing Funds in businesses focused on developing residential, industrial and retail assets to fill in the supply deficit seen in our target markets.
- **Emerging Asset Classes.** Emerging asset classes, such as self-storage, medical properties, data centers and cell towers, are in their infancy or nonexistent in many of our target markets. Even multi-family residential, which is one of the largest real estate asset classes in the United States, barely exists in many markets. We believe there are attractive opportunities to build platforms focused on these asset classes and have made investments on behalf of the Existing Funds in this area.
- **Development Cycles – Oversupply.** In the classic real estate development cycle, unmet demand attracts the attention of entrepreneurs and investors, who develop assets that become quickly occupied and generate attractive returns. More entrepreneurs and capital providers enter as a result of the returns on delivered projects, which eventually leads to oversupply and falling rental rates and occupancy levels. In a market where real estate is financed at least in part with debt, the falling cash flows can create distress. Even in markets where no leverage is available, owners that need to trade may be forced to accept deep discounts to replacement cost. We look for opportunities to buy positions in real estate operating companies that may be experiencing financial distress or at times when the value of their assets has declined.

- **Liquidity Cycles, Capital Scarcity.** We believe understanding and timing liquidity cycles is an important consideration. Investing in a country at a point in time when most investors are fearful or cautious about its real estate sector can be opportune, especially when the country has previously demonstrated the ability to attract significant capital to its real estate sector. We focus investment origination activities on markets that we believe are experiencing illiquidity in their capital markets.
- **Evolution of Manufacturing Supply Chain.** Manufacturers are constantly seeking to optimize the costs of production, which leads to changes to the supply chain over time. A country that was once the lowest-cost producer may grow too expensive, prompting manufacturers to move to frontier markets. Furthermore, E-commerce, which has only begun to develop in most of our target markets, is bringing significant change to the organization of the supply chain throughout the world. All of these changes in the global manufacturing supply chain create opportunity for real estate investment, especially for industrial, logistics and warehouse space.
- **Public-Private Arbitrage.** Public real estate companies are a collection of assets, sometimes with development and operational capabilities. At various points in cycles such companies can become valued at a significant premium or discount to the values at which their assets would trade privately. Where the differences are significant enough, we believe there are often investment opportunities.

Partner Selection and Platform Investing

Equity International generally seeks to invest alongside operating partners who provide local market knowledge, expertise and execution capabilities. After identifying a high potential market based on consideration of the factors discussed above, we generally seek to identify high-quality potential local partners.

In contrast to many other investment managers focused on our space, we typically approach opportunities through investments in operating companies rather than by directly investing in real estate assets. Although in particular situations we may believe the better approach is to purchase a direct interest in assets, we believe a well-structured platform investment is the preferable approach in most circumstances, especially in our target markets. Some of the reasons for our preference are the following:

- **Alignment.** We generally structure operating company investments so that the applicable Fund holds an interest in the same vehicle as the operating partner. We typically also require the operating partner to only engage in the business through this vehicle, which ensures that the Fund participates in all of the operating partner's investments and enhances alignment of interests.
- **Influence.** By obtaining meaningful governance rights in the operating company, which is one of our most important goals in structuring an investment, we have a greater ability to influence the strategic direction and operations of the business. Especially in markets where operating partners may not have the institutional capabilities common amongst operators in the United

States, we highly value the ability to insert ourselves into the operations of the business and implement best practices.

- **Enterprise Value; Multiple Exits.** An operating company that owns a portfolio of real estate assets can have enterprise value beyond those assets, and an investor in the operating company shares in this value creation. There are also additional exit options for a platform, such as a public listing or sale of the assets together with operational capabilities to a large investor. We are better positioned to create these types of exits as an investor in the operating company.

Risks of Investments

The Funds and their investors bear the risk of loss that the applicable investment strategy entails. The risks of an investment in a Fund may be detailed in the Fund's private placement memorandum, which prospective investors should review carefully before making an investment. In general, the risks applicable to each Fund and the activities of its related General Partner and the Management Company include, but are not limited to:

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

Certain of the countries and regions in which the Funds invest have experienced and may in the future experience fluctuation and instability (including deterioration) in their economies (ranging from mild to severe), which in some cases includes extremely high inflation or collapses in real estate prices, credit markets, stock prices, currencies and/or consumer spending. Governments of emerging market countries may intervene to change monetary, fiscal, credit and tax and other policies to influence the economy of such countries. Any investment in a foreign country involves the risk of adverse social and political developments, including nationalization, confiscation without fair compensation, political and social instability and war. Certain countries in which the Funds may invest have experienced in the past, are experiencing currently or may in the future experience social and political instability that could adversely affect the Funds' investments in such countries. Such uncertainties and other future events may have a material adverse effect on the portfolio companies' business and results of operations. While the General Partner believes that these negative economic and other conditions could result in significant investment opportunities that could produce attractive returns, there can be no assurance that these countries may not experience further economic and other difficulties.

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

Certain of the countries in which the Funds may invest currently have restrictions on or impose procedural requirements with respect to the repatriation of investment income or capital, and may impose restrictions on the ability of foreign persons to invest in certain types of companies, assets or securities. Repatriation of investment income, capital and the proceeds of sale by foreign investors may require governmental registration and approval in some countries. Prior government approval for foreign investments may be required under certain circumstances in some countries, and the process of obtaining these approvals may require a significant expenditure of time and resources. Furthermore, investments in companies operating in emerging and developing market

countries may require significant government approvals under corporate, securities, exchange control, foreign investment and other similar laws and may require financing and structuring alternatives that differ significantly from those customarily used in more developed countries. In addition, in certain countries such laws and regulations have been subject to frequent and unforeseen change potentially exposing the Funds to restrictions, currency controls, taxes and other obligations that were not anticipated at the time the initial investment was made. While the Funds will attempt to structure investments so as to minimize the impact of these restrictions, these restrictions may nonetheless adversely affect a Fund's ability to make or dispose of investments on advantageous terms or at times of its choosing or to repatriate income or capital from investments.

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

The Funds have significant exposure to risks related to the ownership of real estate.

Real estate historically has experienced significant fluctuations and cycles in value. The ultimate performance of the portfolio companies will be subject to the varying degrees of risk generally incidental to the ownership and operation of real property. The ultimate value of income-producing real property depends upon the real property owner's ability to operate the real property in a manner sufficient to maintain or increase revenues in excess of operating expenses and debt service or, in the case of real property leased to one or more lessees, the ability of the lessee to make rental payments. Revenues may be adversely affected by changes in national or international economic conditions; changes in local market conditions due to changes in general or local economic conditions and neighborhood characteristics; the financial condition of tenants, buyers and sellers

of properties; competition from other properties offering the same or similar services; uncertainty of title; limited availability of title insurance; changes in interest rates and in the availability, cost and terms of mortgage funds; the impact of present or future environmental legislation and compliance with environmental laws; the need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; energy and supply shortages; risks and operating problems arising out of the presence of certain construction materials; structural or property level latent defects; obsolescence of properties; civil unrest; acts of God, including earthquakes, hurricanes and other natural disasters; acts of war; acts of terrorism (any of which may result in uninsured losses); adverse changes in planning or zoning laws and laws related to licensing issuance; and other factors that are beyond the control of the portfolio companies. Environmental laws may result in delays, may cause the portfolio companies to incur substantial costs and may prohibit or severely restrict commercial and residential projects activities in environmentally sensitive regions. The environmental laws in countries in which a portfolio company operates may have a joint, several and strict liability regime. In other words, activities damaging to the environment, even in the absence of fault, may result in individual liability to each liable party for the entire damages. Under this system, anyone who finances any environmentally damaging activities, having knowledge of the damages caused, may be held liable for the environmental damages caused by the financed activity. Moreover, environmental liability in certain countries may be considered *propter ram* (*i.e.*, connected to the property). Thus, if the portfolio companies, by any means, acquire real estate properties in such countries, the portfolio companies may succeed to the former owner's environmental liability, if any, for the clean up of the soil and underground water or recovery of the forestry resources of the area and possible indemnification to third parties as a result of the damage caused. In the event that any of the assets in which a portfolio company holds any interest experiences any of the foregoing events or occurrences, the value of and return on the portfolio companies' investments would be negatively impacted.

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

Fund portfolio companies may engage in real estate development. To the extent that the portfolio companies invest in such development activities, they will be subject to the risks normally associated with such activities. Such risks include, without limitation, those relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the portfolio companies, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. Furthermore, the quality of work in the construction of real estate projects and the timely completion of these projects are major factors that determine the reputation, and therefore sales and growth, of many of the portfolio companies. Defects in materials and/or workmanship and delays in the construction of such projects may occur. Any defects could delay the completion of these real estate projects, or, if such defects are discovered after completion, expose these portfolio companies to civil lawsuits by purchasers or tenants. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the portfolio companies. In addition, the portfolio companies often rely on third party contractors to develop and construct real estate projects. Accordingly, many of these risks of development and construction will be outside of the direct control of the portfolio

companies and may be exacerbated depending on the integrity and solvency of the third party contractors engaged by the portfolio companies. Such risks may also be exacerbated by the fact that the portfolio companies may be investing in countries where access to requisite approvals and financing are not as readily available as they may be for similar investments in U.S. properties under development or properties acquired to be developed may generate little or no cash flow from the date of acquisition through the date of completion of development, if completed, and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that makes such development less attractive at the time it began. In addition, the laws of certain countries may require the portfolio companies, as the developer of a particular property, to provide a warranty with respect to any structural defects to the buyers and/or tenants of such developed property. The occurrence of any such events may also have an adverse effect on the portfolio companies and, therefore, the Funds to the extent of their investment in an affected portfolio company.

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

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

The real estate industry in a particular country may be subject to extensive building and zoning regulations imposed by applicable federal, state and principally municipal authorities that govern land acquisition, development and construction activities primarily through zoning restrictions, license requirements and consumer protection laws. In addition, zoning and environmental laws may change after the acquisition of a parcel of land and before its development, causing delays and modifications to the originally proposed project, which may have an adverse effect on the portfolio companies. The portfolio companies may be required to obtain the approval of various governmental authorities for development projects. New laws or regulations could be adopted, enforced or interpreted in a manner that could adversely affect the portfolio companies.

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

The real estate market in many countries is highly fragmented, and lacks high-entry barriers that would restrict new competitors from entering the market. The capital markets have attracted

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

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

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

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

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

A Fund may not achieve diversification in its investments.

Although diversification will be a factor in Equity International's investment decisions in respect of a Fund, originating and maintaining a diverse portfolio will not be the primary focus. Equity

International will evaluate investment opportunities based on the merit of the investment rather than the effect such investment will have on the applicable Fund's existing portfolio.

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

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

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

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

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

A Fund may only have access to limited information in relation to the portfolio companies.

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

Equity International expects to conduct limited due diligence in connection with certain Fund investments and any due diligence undertaken may not reveal all facts that may be relevant in connection with an investment.

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

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

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

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

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

The agreements that a Fund enters into in making investments in portfolio companies may contain only limited representations and warranties in favor of the Fund. A seller's liability may be limited in, for example, time and amount, and the agreements may contain limited or no other contractual protection. In addition, there can be no assurance as to the ability of the Fund's contractual counterparty to satisfy any claims which may be made under any such agreement, nor any assurance the Fund will have access to a forum where such claims will be enforced. To the extent the Fund acquires shares of portfolio companies in open market transactions, the Fund will receive

no contractual protections and its recourse will be limited to claims, if any, available under applicable securities laws.

It may be difficult for the Funds to dispose of their investments in the portfolio companies.

There may not be a public or private market available to a Fund for the sale of its interests in the portfolio companies. The availability of such a market will depend on market sentiment in relation to the portfolio companies and the general economic environment and market liquidity and may be accentuated by the lack of capital investment in the emerging and developing market countries in which such portfolio companies will likely be located. If such a market exists, the Fund may not be able to dispose of its investments in an advantageous manner. With respect to private portfolio companies, even if a prospective buyer can be identified, the Fund may be prohibited by contract from selling its investments for a period of time. The Fund may also be subject to certain procedural or other requirements (including rights of first offer or refusal) which may have an effect on the transferability of its investments. Investments in private portfolio companies generally will not be able to be sold publicly unless the sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available, or analogous formalities are observed. A Fund does not expect to have the right to require all private portfolio companies to commence a registered public offering of its securities. A Fund typically will not have contractual rights to force a sale or other capital event of a portfolio company in order to liquidate its investment. In addition, certain types of investments held by a Fund may be such that they require a substantial length of time to liquidate during which time the value of the investments in question may fluctuate.

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

material non-public information the Fund may be restricted from selling its interest in a portfolio company during blackout periods relating to the Fund's (or such other investment vehicle's) possession of such non-public information. Public disclosure of a Fund's efforts to sell an investment could depress the value of such investment and negatively affect the realized prices on such sale or future sales. Accordingly, the Fund may not be able to realize its interest in a portfolio company at a time or on terms of its choosing.

The Funds may not have control over their investments.

In many cases the Funds will acquire only a minority interest in a portfolio company or other asset in which they invest. Although the Funds may not have control over their investments, and therefore may have a limited ability to protect their positions therein, Equity International expects to generally negotiate appropriate rights to protect the Funds' interests. Such rights may include prohibiting the portfolio company from undertaking certain actions or activities without the Fund's approval and/or the right to appoint a representative to the portfolio company's board of directors. Nevertheless, such investments by the Funds and the portfolio companies may involve risks not present in investments where a third party is not involved, including the possibility that the owners or manager of the portfolio company may have financial, operational or management difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with or adverse to those of the Funds, or may be in a position to take action contrary to the Funds' investment objectives.

Risks relating to obtaining control.

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

Risks relating to potential co-investments in portfolio companies.

From time to time a Fund may rely on independent third party management or strategic partners with respect to the management of a portfolio company or other asset in which it invests, acquire only a participation interest in an investment or asset underlying an investment or acquire a subordinate loan position with respect to a portfolio company, and therefore may not be able to negotiate the terms of the underlying investment nor exercise control over the management of such portfolio company or investment. A Fund and the portfolio companies in which it invests may co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring non-controlling interests in certain of their respective investments. Such investments create potential risks and conflicts of interest not present in direct investments by the Fund in portfolio companies. The Fund may be subject to restrictions or obligations in relation to its interest in the asset, including, inter alia, in relation to the disposal of such interest, changing the constitutional or financial structure of the portfolio company, the Fund's income and capital distribution entitlements and voting rights and/or may entitle its co-investors (or some of them) to preferential income or capital returns on, or other rights in relation to, their investment in certain circumstances and/or contain pre-emption or drag rights on the sale of the Fund's interest. Any such co-investment agreement may also impose obligations on the Fund, such as requiring the Fund to fund

cash shortfalls to prevent a dilution of its interest in the asset. Any of these matters may adversely affect the value of the Fund's investment in, or return from, such assets. In addition, the Fund may be jointly and severally liable for costs, taxes or other liabilities with its co-investors and, in the event of their default, the Fund may be exposed to liability in excess of its economic interest in such assets or otherwise for more than its share of the matter in question. In addition, the Fund and the portfolio companies may in certain circumstances be liable for the actions of their respective third party partners or co-venturers.

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

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

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

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

There is no single standard for determining fair value and, in many cases, fair value is best expressed as a range or weighted combination of fair values from which a single estimate may be derived. The types of factors that may be considered when applying fair value pricing to an investment in a particular company include the historical and projected financial data for the company, valuations given to comparable companies, the size and scope of the company's operations, the strengths and weaknesses of the company, expectations relating to investors' demand for an offering of the company's securities, the size of a Fund's holding in the company and any control associated therewith, information with respect to transactions or offers for the company's assets or securities, applicable restrictions on transfer, industry information and assumptions, general economic and market conditions, the nature and realizable value of any collateral or credit support and other relevant factors. Fair values may be estimated by multiplying a key performance metric of the company (for example, EBITDA) by the relevant valuation multiple (for example, price/equity ratio) observed for comparable companies or transactions. Private investments may also be valued, in some cases, on a cost basis or a discounted cash flow

or liquidation analysis. In some cases, these principles will not capture the fair value of an asset, particularly in the case of early growth companies. Market trading prices for a Fund's investments in public companies may not take into account discounts relating to the illiquidity of the market relative to the size of a Fund's position, premiums relating to the Fund's board representation or other similar factors and as a result, may not accurately reflect the values of such investments. In addition, valuations, and in particular valuations of investments for which market quotations are not readily available, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, determinations of fair value may differ materially from the values that would have resulted if a ready market had existed. Because many of the illiquid investments held by a Fund may be in industries or companies which are cyclical, undergoing some uncertainty or distress or otherwise subject to volatility, such investments may be subject to rapid changes in value caused by sudden company-specific or industry-wide developments.

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

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

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

The Funds will face risks upon disposition of investments and may face risks upon disposition of assets by one of their portfolio companies.

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

Each Fund will be dependent on the General Partner and the Management Company.

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

Conflicts of Interest

Allocation of Investment Opportunities Among the Funds.

Equity International's flagship Funds are generally the primary vehicle for new investment opportunities sourced by any executive officer or investment professional of the Management Company or referred to the Management Company pursuant to the terms of the Zell Exclusivity Agreement (defined below) that have characteristics and projected rates of return, as determined by the applicable General Partner in its discretion, that meet such Fund's investment and return objectives. The exclusivity obligation of Equity International to a Fund generally terminates at the earlier of the end of the investment period or the full investment date of such Fund (generally when 75% of the Fund's Commitments have been drawn and invested, committed to investment or utilized or reserved for expenses). However, Equity International may organize co-investment Funds and other vehicle to invest alongside a Fund, in which case such Fund would not have

complete exclusivity with respect to certain opportunities. For example, Equity International organized the Fund V Co-Invest and TH Co-Invest, which invest in certain opportunities alongside Fund V as further described in “*Performance-Based Fees and Side-by-Side Management*” above. The limited partners in Fund V consented to both of these co-investment arrangements. In addition, there are other limitations on the exclusivity rights of any Fund as set forth in this section.

Certain opportunities sourced by an executive officer or investment professional of the Management Company are not subject to an exclusivity obligation to any Fund, including any opportunity that would be required to be offered to a portfolio company pursuant to any applicable fiduciary duty of any of its board members employed by the Management Company (including as described below in “*Conflicts of Interest—Investments in Other Asset Management Firms*”) and any opportunity that the applicable General Partner deems not appropriate for a Fund. There are also additional limitations further described in the Fund Limited Partnership Agreements. In addition, to the extent Equity International may otherwise offer an investment opportunity to a Fund, such Fund’s ability to participate in any such opportunities may be limited due to its financial resources at that time and certain other factors determined to be relevant by the General Partner, in each case as determined by the General Partner in its sole discretion.

Equity International and its related persons attempt to resolve conflicts of interest with respect to allocation of investment opportunities in light of their obligations to investors in the various Funds, and attempt to allocate investment opportunities among the Funds in a fair and equitable manner and consistent with Equity International’s obligations, the underlying Fund Limited Partnership Agreement and Equity International’s Investment Allocation Policy. Where necessary, Equity International consults and receives consent to conflicts from the applicable LP Committee. In addition, the significant investment of the principals of the Management Company (the “**Principals**”) in some Funds, as well as the Principals’ interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interests of the limited partners in such Funds, although the Principals may also have economic interests in other Funds with which there is a conflict with respect to the allocation of investment opportunities. There can be no assurance that a Fund will not receive a smaller investment allocation, or inferior investment terms, than it would have otherwise received had these conflicts of interest not existed.

As described in “*Other Financial Industry Activities and Affiliations*”, Sam Zell has entered into an Exclusivity Agreement which requires certain real estate investment opportunities to be referred by him to the Management Company and Funds. Although investors in the Funds benefit from such agreement, an amendment to such agreement could be made with only the consent of The Olayan Group, and there can be no assurance that the terms of such agreement will not be amended or that such agreement will remain in effect. In addition, such agreement includes carve-outs for investments that Mr. Zell need not refer to the Management Company or Funds, even though such opportunities may be permissible investments for a Fund, as described further in “*Other Financial Industry Activities and Affiliations*”. Any fiduciary duties of Mr. Zell to the Management Company and Funds under applicable law arising by virtue of his affiliation with Equity International would generally continue to apply even after the termination of the Exclusivity Agreement.

Mr. Zell currently serves, and may in the future serve, on the boards of directors of various public and private entities, including real estate companies. Accordingly, Mr. Zell has certain fiduciary

and other obligations to such companies. In addition, such companies may engage in businesses that are competitive with the businesses of a Fund and its portfolio companies. Such activities may present actual and potential conflicts of interest.

Mr. Zell may also serve as general partner of pooled investment vehicles other than the Funds managed by Equity International. Any such other vehicles are not expected to have the same primary investment mandate and objectives as the Funds advised by Equity International, but there can be no assurance that there will not be an overlap in investment objectives. Although the significant investment of Mr. Zell in the Funds, as well as his interest in the carried interest, operate to align, to some extent, the interest of Mr. Zell with the interests of the limited partners in such Funds, a conflict of interest may exist with respect to the allocation of a particular investment opportunity. Equity International has established an investment allocation policy to handle such conflicts. Nonetheless, there can be no assurance that a Fund will not receive a smaller investment allocation, or inferior investment terms, than it would have otherwise received had these conflicts of interest not existed.

Investments in Other Asset Management Firms

Fund V and Fund V Co-Invest have invested in Advance Real Estate, the Redwood Group and GuardeAqui, all of which organize capital in pooled investment vehicles for investment in real estate assets in certain non-US countries. Employees of the Management Company serve as directors of the holding companies of each of these portfolio companies, and as such have fiduciary obligations to the companies and, in certain circumstances, the investors in the vehicles organized by the companies. Although the Funds generally invest in operating companies, rather than assets, and the pooled investment vehicles organized by these portfolio companies generally invest in assets, rather than operating companies, the Funds may in certain circumstances seek to invest in assets. A conflict of interest may therefore exist between the obligations of certain employees of the Management Company to the investors in pooled investment vehicles organized by the portfolio companies of the Funds, on the one hand, and the Funds, on the other hand. Fund V has an investment in the portfolio companies specifically referenced in this paragraph, which we believe mitigates, if not fully eliminates, any potential conflict with respect to Fund V. Other Funds, however, will not own an interest in such portfolio companies.

Management Team

Equity International expects the Principals to be actively involved in the management of each Fund. However, such individuals may have conflicts in allocating their time and services among the Funds and other ventures. Thus, while it is anticipated that the Principals will devote as much time to each Fund as the Management Company deems appropriate, certain individuals may have to devote a substantial amount of time to matters other than a particular Fund.

Diverse Membership

The limited partners may include taxable and tax-exempt persons and entities and may include investors organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by a General Partner and the Management Company that may be

more beneficial for the General Partner or one type of limited partner than for another type of limited partner. In addition, the General Partner and the Management Company may make investments for a Fund that may have a negative impact on other investments made by the limited partners in separate transactions. In selecting investments appropriate for a Fund, the General Partner will consider the investment objectives of the Fund as a whole, not the investment objectives of any limited partner individually.

Tax Positions

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

Carried Interest.

The General Partners generally receive distributions of up to 20% of the remaining profits from a Fund based upon the carried interest, although not every Fund has a carried interest. The existence of the carried interest may create an incentive for the applicable General Partner and the Management Company to make more speculative investments on behalf of a Fund than the Fund would otherwise make in the absence of the carried interest. Although affiliates of the Management Company generally invest their own capital in each Fund along with the other investors, the interests of the applicable General Partner and the Management Company may under some circumstances differ from those of the Fund and/or the limited partners. Such conflicting interests could potentially affect the decisions of the General Partner and the Management Company in purchasing, holding and disposing of the investments of a Fund.

Management Fee.

The Management Company receives Management Fees. The existence of Management Fees may create an incentive for the Management Company to extend the term of a Fund. As a result, the interests of the Management Company with respect to term of a Fund may under some circumstances differ from those of its limited partner investors.

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

Under certain circumstances, a given Fund may co-invest with another Fund or investment vehicle that has been or may be established by Equity International or its affiliates. Subject to certain exceptions and restrictions (a) affiliates of Equity International may acquire, invest in or hold interests in portfolio companies of a Fund and (b) a Fund may invest in companies in which affiliates of Equity International (including other Funds) hold an interest. To the extent a Fund

holds an investment that is different (including with respect to relative seniority) than an investment held by such other parties, the applicable General Partner and its affiliates may be presented with decisions that involve a conflict between the interests of such Fund and the other parties. For example, such Fund may acquire an investment at a different price than the other vehicle or Fund, or may have a different intended holding period. Similarly, if a Fund makes an investment in a company in which another party affiliated with Equity International has a mezzanine or debt investment, the applicable General Partner may have conflicting loyalties between its duties to such Fund and to such other party. In that regard, actions may be taken for the other party that are adverse to the Fund, and *vice versa*.

The investment activities of the Management Company and its affiliates for other investment vehicles under their management may also limit the investment opportunities for, or rights of, a given Fund, in certain regulated industries and in certain transactions where restrictions may be imposed upon the aggregate amount of investment by affiliated investors. In addition, investments in publicly traded companies by the Funds and other investment vehicles managed by the Management Company and its affiliates may impact the trading flexibility of a particular Fund in those securities.

Equity International does not use information barriers to separate persons who make investment decisions with respect to one portfolio company (who may also serve on the board of directors of that portfolio company) from others in the firm, who might possess material non-public information from another source with respect to the portfolio company or other investments. The absence of such information barriers could prevent Equity International from undertaking advantageous investments or dispositions on behalf of a Fund that would otherwise be permissible. For example, to the extent that employees of the Management Company have non-public information with respect to a publicly traded company, a trading blackout period may affect all of the Fund's ability to buy or sell securities in such publicly traded company.

Equity International may elect to undertake certain activities on behalf of an investments vehicle even if such activities limit the trading flexibility of another Fund. For example, the resale of privately held securities by a Fund under Rule 144 may impact the ability of another Fund to divest such securities, since Rule 144 has volume limitations that apply to sellers who are affiliates of the issuer. Equity International and Funds will often be deemed affiliates of the issuer for this purpose due to their collective ownership position and/or service by an employee of the Management Company on the board of directors of the issuer. Equity International may cause securities to be registered for sale under the Securities Act of 1933, in which case the volume and other limitations under Rule 144 would not apply.

In addition, to the extent permitted by applicable law, the applicable General Partner may restrict or limit transactions or the exercise of rights for a Fund, or limit the amount of voting securities purchased for a Fund, in order to avoid circumstances which, in the view of the General Partner, would require aggregation of a Fund's positions with investments of affiliates of Equity International that would exceed certain ownership thresholds. The results of the investment activities of a Fund may differ significantly from the results achieved by other Funds or investment vehicles managed by Equity International or their Affiliates. Equity International and its affiliates may give advice, and take action, with respect to other investment vehicles that may compete or

conflict with the advice the applicable General Partner or the Management Company may give to other Funds or may involve a different timing or nature of action than recommended to other Funds.

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

Operating Partners

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

Provision of Services by Affiliates

Each Fund enters into a management agreement. The Fund may also enter into other agreements with the Management Company and its affiliates to the extent permitted by the terms of the applicable Fund Limited Partnership Agreement. The management agreement and other

agreements with the Management Company and its affiliates are transactions with affiliates and, as a result, will not be negotiated in the same manner as third party, arm's length transactions. To the extent that a Fund requires financial advisory, placement, underwriting, investment banking, tax, real estate, due diligence or other services (other than those services to be provided pursuant to the Fund Limited Partnership Agreement), the applicable General Partner may engage the Management Company or its affiliates to provide such services to the relevant Fund. The Management Company or its affiliates will charge fees to the applicable Fund in connection with such services. This could create a conflict of interest as it incentivizes the General Partners to engage their affiliates to perform such services rather than independent service providers. The General Partners attempt to resolve this conflict by ensuring that such services are provided on market terms that are no less favorable to a Fund than those generally available in an arm's length transaction from experienced and unaffiliated parties.

ITEM 9—DISCIPLINARY INFORMATION

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

ITEM 10—OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Management Company is affiliated with each of the General Partners, which are registered with the SEC under the Advisers Act pursuant to the Management Company's registration in accordance with SEC guidance. The Management Company provides advisory services to the General Partners and other Equity International entities pursuant to management agreements. These General Partners operate as a single advisory business together with the Management Company and serve as managers or general partners of Funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

to other exceptions, terms and conditions more fully set forth in the Fund Limited Partnership Agreement for the applicable Fund and the Exclusivity Agreement.

Equity International has no arrangements with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory services, the Funds or their investors. One of the management persons of the Management Company has a minority interest (less than 5%) in a broker-dealer that provides services to the Funds. The Management Company does not consider such relationship with the broker-dealer material to its business or to the Funds and does not believe it creates a conflict of interest with respect to the Funds.

Equity International has and will continue to develop relationships with professionals who provide services, including legal, accounting, banking, tax preparation, insurance brokerage, investment management services and other personal services.

From time to time, Equity International receives training, information, promotional material, meals, gifts or prize drawings from vendors and others with whom the Funds may do business or to whom Equity International may make referrals. At no time will Equity International accept any benefits, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider.

ITEM 11—CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

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

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

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

Equity International and its 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, Equity International and its 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 Equity International. Accordingly, should Equity International or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Equity International would be prohibited from communicating such information to clients, and Equity International will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Equity International personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of Equity International and its affiliates may directly or indirectly own an interest in Funds or, as may be permitted by the terms of the applicable Fund Limited Partnership Agreements, 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. Equity International believes that such interests do not create a conflict of interest and instead operate to align the interests of Principals and employees of Equity International with the Funds.

The Funds may invest together in the manner set forth in the Fund Limited Partnership Agreements. Equity International will determine the allocation of investment opportunities in a manner that it believes is fair and equitable to its clients consistent with Equity International's obligations, its Investment Allocation Policy and the Funds' underlying documents.

Equity International and its 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. The operative documents and investment programs of certain vehicles sponsored by Equity International may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by Equity International or may give priority with respect to investments to such vehicles. Some of these restrictions could be waived by investors (or their representatives) in such vehicles.

Equity International or its affiliates may recommend the purchase or sale of securities for Funds in which one or more of their partners, members, officers, directors, employees (and members of their families) or affiliates ("**affiliated persons**"), directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the Funds. Certain of these transactions may require the consent of the applicable Fund or its LP Committee.

It is Equity International's policy that it will not effect any principal or agency cross securities transactions for client accounts without first obtaining the relevant advisory board and/or limited

partner approval. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells a security to an advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Equity International principals and employees may serve on the boards of Fund portfolio companies. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of a Fund in general; however, as the Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned. Additionally, any fees earned for sitting on such portfolio company boards generally are reimbursed to the applicable Fund or offset against its Management Fees.

Most Funds have an advisory board that is established under the respective Fund's offering and governing documents. A Fund's advisory board is comprised of select limited partners of the Fund, as well as Equity International principals. A conflict of interest may exist in that not all limited partners are asked to join a Fund's advisory board.

Each Fund and co-investment's investors include persons or entities resident in various jurisdictions, including the United States and other countries, who may have conflicting investment, tax and other interests with respect to their investments. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of investments made by each Fund and co-investment vehicle, the structuring of the acquisition of portfolio companies and the timing of the disposition of investments. Such structuring of portfolio companies may result in different after-tax returns being realized by different limited partners and other investors. As a consequence, conflicts of interest may arise in connection with decisions made by Equity International that may be more beneficial for one investor than another investor, especially with respect to investors' individual tax situations. Equity International considers the investment and tax objectives of each Fund as a whole, and not the individual investment, tax or other objectives of any particular investor.

From time to time, Equity International may be presented with investment opportunities that would be suitable for more than one of the Funds and other co-investment vehicles operated by Equity International or advisory affiliates of Equity International. In determining which investment vehicles should participate in such investment opportunities, Equity International and its affiliates are subject to conflicts of interest among the investors. Equity International attempts to resolve these conflicts of interest in light of its obligations to investors and attempts to allocate investment opportunities among investors in a fair and equitable manner as described under Item 7 and in Equity International's policies on investment allocation and co-investments. Where necessary, Equity International may consult with and/or receive consent to conflicts from the requisite

percentage interest of investors in or an advisory board consisting of investors in the applicable Funds and/or co-investment vehicles.

ITEM 12—BROKERAGE PRACTICES

Equity International focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be, though are generally not, retained. However, Equity International may also utilize the services of a broker-dealer to sell securities held by a Fund if a public trading market exists. Although Equity International does not intend to regularly engage in public securities transactions, to the extent it does so, it will follow the brokerage practices described below.

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

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

Consistent with Equity International seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research not otherwise publicly available that is furnished by them, although Equity International generally does not make use of such services at the current time and has not made use of such services since inception.

Equity International does not anticipate engaging in significant public securities transactions; however, to the extent that Equity International engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, Equity International may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, Equity International may, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund advised by Equity International is favored over any other Fund. When an

aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day.

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

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

ITEM 13—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, Equity International closely monitors companies in which the Funds invest, and the Management Company's portfolio manager and Chief Compliance Officer periodically check to confirm that each Fund is maintained in accordance with its stated objectives.

The Funds will generally provide to their limited partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year and (iii) annual tax information necessary for each partner's U.S. tax returns.

ITEM 14—CLIENT REFERRALS AND OTHER COMPENSATION

Equity International and/or their affiliates may provide certain services to the Funds and may receive compensation in connection with such services. As described in the Fund Limited Partnership Agreements, this compensation (except to the extent it constitutes Transaction Fees) would be in addition to the Management Fees paid by the Existing Fund. See "*Methods of Analysis, Investment Strategies and Risk of Loss—Conflicts of Interest*".

From time to time, Equity International may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Unless otherwise specifically provided in the applicable Fund's private placement memorandum or Limited Partnership Agreement, any fees or expenses payable to any such placement agents will be borne by Equity International either directly or indirectly through an offset against the Management Fee. Any solicitation agreements will be structured in accordance with Rule 206(4)-3 under the Advisers Act.

ITEM 15—CUSTODY

The Advisers Act Rule 206(4) (the "**Custody Rule**") requires that pooled investment vehicles advised by an investment adviser either undergo an annual generally accepted accounting principles ("GAAP") financial statement audit or be subject to a surprise custody examination by an SEC-registered auditing firm. The Firm has elected to undergo annual financial audits for all of the Funds.

As of the date of this Brochure, Equity International maintains custody of the Existing Funds' assets held in the Existing Funds' names with the qualified custodians listed in Item 7B(1) of Schedule D of Part 1 of the Management Company's Form ADV on file with the SEC. Equity International does not, however, take physical possession of client funds or securities; securities are held by the Firm's qualified custodians and called capital is directly sent or wired into the respective Fund's bank account. In compliance with applicable regulations, Equity International accepts account statements on behalf of the Funds and does not cause any account statements to be sent directly from the qualified custodian to investors. Further, copies of such audits are delivered to underlying investors within 120 days of year-end, thus satisfying the Custody Rule's requirements.

ITEM 16—INVESTMENT DISCRETION

Equity International has discretionary authority to manage investments on behalf of the Funds, subject to the limited restrictions contained in Fund Limited Partnership Agreements. As a general policy, Equity International does not allow limited partners to place limitations on this authority, provided that the Fund Limited Partnership Agreements may impose certain restrictions on investing in certain types of securities. Pursuant to the terms of the Fund Limited Partnership Agreements, Equity International may enter into "side letter" arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund 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. Equity International assumes this discretionary authority pursuant to the terms of (i) the Fund Limited Partnership Agreements, (ii) the investment management agreement between each Fund, the applicable General Partner and the Management Company and (iii) powers of attorney executed by the limited partners of each Fund. Equity International is not required to contact a limited partner prior to transacting any business once a limited partner executes these documents.

ITEM 17—VOTING CLIENT SECURITIES

Equity International has adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for the Funds' portfolio investments. The Proxy Policy seeks to ensure that Equity International votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies.

By virtue of the Fund Limited Partnership Agreements, Equity International has the authority to vote client proxy statements on behalf of the Funds. The majority of "proxies" received by Equity International will be written shareholder consents or similar instruments for private companies. In the case of Fund V Co-Invest and TH Co-Invest, Equity International will vote any proxies consistent with Fund V. Equity International generally believe its interests are aligned with those of the Funds' investors through the principals' beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Equity International may address the conflict using several alternatives, including by seeking the approval or concurrence of the applicable LP Committee on the proposed proxy vote or through other

alternatives set forth in the Proxy Policy. Equity International does not consider service on portfolio company boards by Equity International personnel or Equity International's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies.

If you would like a copy of Equity International's complete Proxy Policy or information regarding how Equity International voted proxies for particular portfolio companies, contact Patrick Kassen, Equity International's Chief Compliance Officer, at (312) 675-7400, and it will be provided to you at no charge.

ITEM 18—FINANCIAL INFORMATION

The Management Company does not require or solicit prepayment of Management Fees more than six months in advance. There are no other events requiring disclosure under this item of the Brochure.