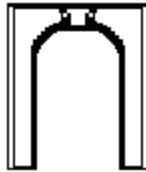


PART 2A OF FORM ADV: FIRM BROCHURE



**Archstone Management Company, LLC
A.P. Management Company, LLC
360 Madison Avenue, 20th Floor
New York, NY 10017
Tel: 212.201.0500; Fax: 212.661.9009
www.archstonepartners.com**

March 26, 2013

This brochure provides information about the qualifications and business practices of Archstone Management Company, LLC and A.P. Management Company, LLC (together, referred to herein as, “Archstone”). If you have any questions about the contents of this brochure, please contact us at 212.201.0500 and/or DParker@archstonepartners.com. 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.

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

Each Archstone entity is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). SEC registration does not imply a certain level of skill or training.

ITEM 2 – MATERIAL CHANGES

Archstone is updating its Brochure as of March 26, 2013, as part of its annual amendment filings. The following is a summary of the material changes made since Archstone last updated its Brochure on March 21, 2012.

- Archstone made certain clarifying amendments to this Brochure.

ITEM 3 - TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| ITEM 2 – MATERIAL CHANGES | I |
| ITEM 3 - TABLE OF CONTENTS..... | II |
| ITEM 4 – ADVISORY BUSINESS | 1 |
| ITEM 5 – FEES AND COMPENSATION | 5 |
| ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT | 11 |
| ITEM 7 – TYPES OF CLIENTS | 12 |
| ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS | 13 |
| ITEM 9 – DISCIPLINARY INFORMATION | 21 |
| ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS. | 23 |
| ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING..... | 26 |
| ITEM 12 – BROKERAGE PRACTICES..... | 31 |
| ITEM 13 – REVIEW OF ACCOUNTS..... | 34 |
| ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION..... | 35 |
| ITEM 15 – CUSTODY | 36 |
| ITEM 16 – INVESTMENT DISCRETION | 37 |
| ITEM 17 – VOTING CLIENT SECURITIES..... | 38 |
| ITEM 18 – FINANCIAL INFORMATION | 39 |

ITEM 4 – ADVISORY BUSINESS

| | |
|------------------------|--|
| <p>Item 4.A</p> | <p>Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).</p> <p>Archstone Management Company, LLC and A.P. Management Company, LLC (together, referred to herein as, “Archstone”) were founded in May 1996 and became SEC registered investment advisers on June 28, 2005. Archstone provides discretionary investment advisory services to the following private investment funds (the “Archstone Funds”):</p> <p><u>Delaware Limited Partnerships (the “Partnerships”):</u></p> <ul style="list-style-type: none"> ○ Archstone Partners, L.P. ○ Archstone Partners II, L.P. ○ Archstone Equity Strategies Fund, L.P. ○ A.P. Opportunities Fund, L.P. <p><u>Cayman Islands Exempted Companies (the “Funds”):</u></p> <ul style="list-style-type: none"> ○ Archstone Offshore Fund, Ltd. ○ Archstone Absolute Return Strategies Fund, Ltd. <i>formerly known as Archstone Market Neutral Strategies Fund, Ltd.</i> ○ Archstone Equity Strategies Fund, Ltd. ○ A.P. Opportunities Fund, Ltd. ○ Archstone ERISA Fund, Ltd. <p>A.P. Management Company, LLC serves as general partner to A.P. Opportunities Fund, L.P. and Archstone Equity Strategies Fund, L.P.; as sub-adviser to Archstone Partners, L.P.; and as investment manager to A.P. Opportunities Fund, Ltd., Archstone Offshore Fund, Ltd., Archstone Equity Strategies Fund, Ltd., Archstone Absolute Return Strategies Fund, Ltd., Archstone Partners II, L.P. and Archstone ERISA Fund, Ltd. Archstone Management Company, LLC serves as general partner to Archstone Partners, L.P. and Archstone Partners II, L.P.</p> <p>A.P. Management Company, LLC and Archstone Management Company, LLC have the same officers, employees and equity owners. The principal owners of Archstone are Alfred J. Shuman and Stephanie J. Shuman. Mr. Shuman is the majority owner of Archstone and serves as Managing Member, Principal and Chief Executive Officer. Stephanie Shuman is Mr. Shuman’s wife and does not participate in the day-to-day operations of the firm.</p> |
| <p>Item 4.B</p> | <p>Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.</p> <p>Archstone provides discretionary investment advisory services to the Archstone Funds. The investment objective of each Archstone Fund is achieved solely through the direct or indirect allocation of assets to independent private money managers or investment in pooled investment vehicles managed by private money managers (the “Portfolio Funds”). Archstone Partners II, L.P. serves as a feeder fund into Archstone Partners, L.P. and therefore invests all of its investable assets</p> |

| | |
|-----------------|--|
| | <p>in Archstone Partners, L.P. It should be noted that Archstone Partners, L.P. (and thus indirectly Archstone Partners II, L.P.) and Archstone Offshore Fund, Ltd. may from time to time invest in one or more Archstone Funds managed or advised by Archstone.</p> <p>The Portfolio Funds in which the Archstone Funds invest employ a variety of investment strategies. Strategies employed by such Portfolio Funds (depending on the investment objective of the particular Archstone Fund) may include, taking long and short positions in the market, or blended/flexible strategies of long purchases/short sales or specializing in other sophisticated strategies such as statistical arbitrage, convertible arbitrage, fixed income, program trading, market neutral/absolute return, emerging markets or special situations. Assets may also be allocated to strategies focusing on bankruptcies, reorganizations and workouts, high yield securities and risk arbitrage. Other techniques employed by a Portfolio Fund may include the use of options on securities and options on stock indexes and trading various futures contracts. Additionally, certain Portfolio Funds may borrow funds for the purpose of purchasing securities, and such borrowing may not be subject to any limitations. From time to time, the Archstone Funds may participate indirectly in investments by Portfolio Funds in “new issues” as defined by FINRA New Issue Rule 5130. It should be noted that the Archstone Funds invest from time to time in Portfolio Funds that allocate a portion of their assets to private equity or otherwise illiquid investments. Such investments may be “side pocketed” by the Portfolio Fund whereby withdrawals/redemptions with respect thereto are indefinitely suspended until the occurrence of a realization event or until the portfolio manager determines that such investments are sufficiently liquid. <i>These are investment strategies used by the individual Portfolio Funds, not Archstone.</i></p> <p>Further, Portfolio Funds are not limited or restricted in their investment activities.</p> <p>Pending investment of contributions to the capital of the Archstone Funds, or to facilitate withdrawals/redemptions of capital by investors, the Archstone Funds may, without limitation, hold cash or invest in cash equivalents. Among the cash equivalents in which the Archstone Funds may invest are: obligations of the U.S. government, its agencies or instrumentalities; commercial paper; and certificates of deposit and bankers’ acceptances issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation. The Archstone Funds may also engage in repurchase agreements and may purchase shares of money market mutual funds in accordance with applicable legal restrictions.</p> <p>The Archstone Funds may directly engage in borrowings from time to time (i) to finance investments pending receipt of subscription monies from investors; or (ii) to pay withdrawals/redemptions pending withdrawals/redemptions from Portfolio Funds. The Archstone Funds have entered into a committed line of credit to enable such borrowings on a periodic basis, although there can be no assurance that any such line of credit will be continued or that amounts available thereunder will be sufficient to satisfy its intended uses. Archstone ERISA Fund, Ltd. will only engage in such borrowings to the extent permitted by ERISA and other applicable law.</p> |
| Item 4.C | <p>Explain whether (and, if so, how) you tailor your advisory services to the individual needs of <i>clients</i>. Explain whether <i>clients</i> may impose restrictions on investing in certain securities or types of securities.</p> |

| | |
|-----------------|--|
| | <p>With respect to the Archstone Funds, Archstone neither tailors its advisory services to the individual needs of investors nor accepts investor-imposed investment restrictions. Although not currently anticipated, Archstone may establish a separately managed account (“Managed Account”) that tailors its investment objectives to those of a specific large or strategic investor and/or is subject to different terms and/or fees than those of the Archstone Funds. Such investment objectives, fee arrangements and terms would be individually negotiated, and it should be noted that any such Managed Account relationships would be subject to significant account minimums.</p> <p>Archstone, in its sole discretion, may (through the use of side letters or other agreements), in effect, modify certain of the offering terms for investors that are principals, employees or affiliates of Archstone or relations of such persons and for certain large, strategic or other investors. Specifically, it should be noted that Archstone has waived the management fee, incentive allocation and/or the preferred profit participation for all employees and members of Archstone who are invested in the Archstone Funds. It should be noted that any affiliated persons who invest in the Archstone Funds will bear their <i>pro rata</i> portion of operating expenses of the relevant Archstone Fund(s) and are subject to the same liquidity rights and restrictions as disclosed in the Archstone Funds’ offering documents. Furthermore, as an inducement to attract subscriptions during an initial offering, Archstone has awarded certain advantageous terms to the “founding” investors of Archstone Offshore Fund, Ltd., Archstone Equity Strategies Fund, L.P., Archstone Equity Strategies Fund, Ltd. and Archstone ERISA Fund, Ltd.</p> <p>Archstone, as applicable, may, in their sole discretion, waive all or any portion of the management fee, preferred profit participation and/or the incentive allocation/fee with respect to any investor. Lastly, under limited and extraordinary circumstances, Archstone may and has provided certain non-affiliated investors, at their request, with different liquidity arrangements.</p> |
| Item 4.D | <p>If you participate in <i>wrap fee programs</i> by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.</p> <p>Archstone does not participate in wrap fee programs.</p> |
| Item 4.E | <p>If you manage <i>client</i> assets, disclose the amount of <i>client</i> assets you manage on a <i>discretionary basis</i> and the amount of <i>client</i> assets you manage on a <i>non-discretionary basis</i>. Disclose the date “as of” which you calculated the amounts.</p> <p>As noted above in Item 4.A, A.P. Management Company, LLC serves as investment manager to Archstone Partners II, L.P. and as sub-advisor to Archstone Partners, L.P. Archstone Management Company, LLC serves as general partner to these Archstone Funds, which are Archstone Management Company, LLC’s sole advisory clients. It should be noted that since Archstone Partners II, L.P. and Archstone Partners, L.P. are advisory clients of both Archstone Management Company, LLC and A.P. Management Company, LLC, the amount of these Archstone Funds’ assets (\$1,412,103,273), is included in both advisers’ regulatory assets under management.</p> |

| | |
|--|--|
| | <p>As of December 31, 2012, Archstone Management Company, LLC manages approximately \$1,412,103,273, and A.P. Management Company, LLC manages approximately \$4,480,225,339 (which also includes Archstone Partners II, L.P.'s and Archstone Partners, L.P.'s assets), of Archstone Fund regulatory assets on a discretionary basis.</p> <p>Archstone does not currently manage any assets on a non-discretionary basis.</p> |
|--|--|

ITEM 5 – FEES AND COMPENSATION

| | |
|------------------------|---|
| <p>Item 5.A</p> | <p>Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.</p> <p>Each investor in the Archstone Funds must meet certain eligibility provisions: interests/shares in the Archstone Funds are generally offered to (A) U.S. investors who are (i) accredited investors within the meaning of Regulation D of the Securities Act of 1933, as amended (“Accredited Investors”) and (ii) qualified purchasers within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended (“Qualified Purchasers”); and (B) non-U.S. investors. Admission to the Archstone Funds is not open to the general public.</p> <p>As a general matter, A.P. Management Company, LLC is paid a quarterly asset-based management fee, in advance, with respect to each Archstone Fund. Archstone Management Company, LLC or A.P. Management Company, LLC, as applicable, may also receive a performance-based quarterly preferred profit participation or annual incentive allocation/fee with respect to certain of the Archstone Funds. Investors and prospective investors should refer to the offering documents for the applicable Archstone Fund for a detailed description of its respective fee schedule.</p> <p>As noted in Item 4.C, Archstone, in their sole discretion, may reduce, waive or modify fee terms for any investor. Archstone has waived the management fee, incentive allocation and/or the preferred profit participation for all employees and members of Archstone who are invested in the Archstone Funds.</p> <p>It is very important that investors refer to the relevant confidential private offering memorandum and other governing documents for a complete understanding of how Archstone is compensated.</p> |
| <p>Item 5.B</p> | <p>Describe whether you deduct fees from <i>clients’</i> assets or bill <i>clients</i> for fees incurred. If <i>clients</i> may select either method, disclose this fact. Explain how often you bill <i>clients</i> or deduct your fees.</p> <p>Archstone deducts applicable fees from each investor’s capital account. Investors do not have the ability to choose to be billed directly for fees incurred.</p> <p>A.P. Management Company, LLC receives an asset-based management fee with respect to each Archstone Fund, payable quarterly in advance and based on a percentage of the value of the relevant assets as of the beginning of such calendar quarter. If interests/shares of an Archstone Fund are purchased other than as of the first day of a quarter, the management fee shall be prorated to take into account the number of days during which such interests/shares are outstanding during the quarter. With respect to the Archstone Funds, any unearned portion of the prepaid quarterly management fee for any fiscal quarter that is less than three months will be refunded to the applicable Archstone Fund.</p> <p>It should be noted that the management fee applicable to Archstone Partners, L.P. is charged <i>solely</i> to investors admitted to this Partnership on or after January 1, 2010. These investors are charged a management fee <i>in lieu of</i> the preferred profit participation described below.</p> |

| | |
|--|--|
| | <p>Investors that were admitted to Archstone Partners, L.P. before January 1, 2010 are charged a quarterly preferred profit participation with respect to their current interests or any additional interests they acquire in the Partnership. Archstone Management Company, LLC is allocated the preferred profit participation at the end of each quarter, based on a percentage of the relevant capital account balances as of the last day of such calendar quarter. Such amount will be payable out of the investor's cumulative net profits, if any, at the end of a fiscal period in a tax year. To the extent that an investor in the Partnership has insufficient net profit to pay the preferred profit participation, then such unpaid amount will be deferred to a suspense account and will be payable in later fiscal periods when the Partnership has sufficient net profits. If an investor completely withdraws from the Partnership when there is a balance in the suspense account, that investor's suspense account is forfeited and that amount is paid to Archstone Management Company, LLC.</p> <p>With respect to Archstone Partners II, L.P., in addition to the management fee received by A.P. Management Company, LLC, Archstone Management Company, LLC receives an annual incentive allocation based on a percentage of net profits (taking into account realized and unrealized gains and losses) tentatively allocated to each investor's capital account during such fiscal year, subject to a loss carryforward provision. The incentive allocation is payable at the end of each fiscal year, upon withdrawal or transfer of interests, or upon dissolution of the Partnership.</p> <p>With respect to each applicable Fund, in addition to the management fee, A.P. Management Company, LLC may also receive an annual incentive fee based on a percentage of net profits (taking into account realized and unrealized gains and losses) attributable to the applicable series/class of shares during such fiscal year, subject to a high water mark/loss carryforward provision. The incentive fee is payable at the end of each fiscal year, upon redemption or transfer of shares, or upon dissolution of the Fund.</p> <p>It should be specifically noted that the classes/series of shares of the Funds that are currently subject to an incentive fee include: Series AA of Archstone Equity Strategies Fund, L.P.; Series AA of A.P. Opportunities Fund, L.P.; Class AA and Class BB Shares of Archstone Equity Strategies Fund, Ltd. and A.P. Opportunities Fund, Ltd.; Class C and Class D Shares of Archstone ERISA Fund, Ltd.; Series AA and Series BB Shares of Archstone Absolute Return Strategies Fund, Ltd.; and Series AA, Series BB, Series CC, Series DD, Series EE and Series FF Shares of Archstone Offshore Fund, Ltd. The following classes/series of shares of the Funds are NOT subject to an incentive fee: Series A of Archstone Equity Strategies Fund, L.P.; Series A of A.P. Opportunities Fund, L.P.; Class A and B Shares of Archstone Equity Strategies Fund, Ltd., A.P. Opportunities Fund, Ltd. and Archstone ERISA Fund, Ltd.; Series A and Series B Shares of Archstone Absolute Return Strategies Fund, Ltd.; and Series A, Series B, Series C, Series D, Series E and Series F Shares of Archstone Offshore Fund, Ltd. Generally, classes/series of shares of a Fund that are subject to an incentive fee are subject to a lower management fee than the other classes/series of shares of that particular Fund.</p> <p>It is very important that investors refer to the relevant confidential private offering memorandum and other governing documents for a complete understanding of how Archstone is compensated. The information contained</p> |
|--|--|

| | |
|-----------------|---|
| | herein is a summary only and is qualified in its entirety by such documents. |
| Item 5.C | <p>Describe any other types of fees or expenses <i>clients</i> may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that <i>clients</i> will incur brokerage and other transaction costs, and direct <i>clients</i> to the section(s) of your <i>brochure</i> that discuss brokerage.</p> <p>The Archstone Funds will bear their own expenses including, but not limited to, taxes, organizational, offering and investment-related expenses, administrative expenses, legal expenses, accounting expenses, audit and tax preparation expenses, corporate licensing, custodial fees and other direct expenses associated with the operation of the Archstone Funds.</p> <p>Subject to the expense reimbursement provisions for each Archstone Fund, the below-referenced <u>reimbursable expenses</u> borne by the Archstone Funds (with the exception of Archstone ERISA Fund, Ltd.) include, but are not limited to: (i) salaries and compensation of employees of the Archstone Funds or Archstone and its affiliates (other than Alfred J. Shuman) (which includes employee bonuses and incentives as appropriate, employee insurance and payroll taxes); (ii) research expenses relating to the selection of money managers for the Archstone Funds (i.e., background studies, subscriptions to periodicals and other research databases); (iii) rent, supplies, stationery and charges for furniture and fixtures of the Archstone Funds or Archstone; (iv) costs of computer hardware and software (including phones and portable electronic devices and equipment) and the costs of updates, modifications, improvements, product testing, maintenance offsite or onsite back-up, repairs and replacements) used in the Archstone Funds' business; (v) costs relating to promotional activities of Archstone on behalf of the Archstone Funds, including the preparation of brochures and other print advertising; (vi) the Archstone Funds' costs relating to meetings of investors sponsored by Archstone; and (vii) travel expenses (which includes lodging, meals, transportation including, when necessary, the use of a private aircraft). It should be noted that, from time to time, Archstone's principals may use private aircraft for personal use that are leased under the same leasing arrangement as for business use. The expenses of such personal use will be paid for directly by such principals and not by the Archstone Funds. When expenses relate to services performed by Archstone for more than one Archstone Fund, Archstone intends to allocate such expenses <i>pro rata</i> based on each Archstone Fund's assets under management (with the exception of Archstone ERISA Fund, Ltd., in which case A.P. Management Company, LLC will bear such expenses).</p> <p><u>Expense Reimbursement:</u></p> <p><u>Archstone Partners, L.P. and Archstone Equity Strategies Fund, L.P.</u> All expenses relating to the Partnership's operation will be borne by the Partnership, except that Archstone will reimburse the Partnership for all expenses (other than the management fee, interest, taxes, extraordinary expenses (such as litigation expenses) and expenses directly related to an investment or trading transaction of the Partnership) that exceed in any one year .60 of 1% of the Partnership's average quarterly net assets determined as of the first day of each calendar quarter.</p> <p><u>Archstone Partners II, L.P.</u> As an investor in Archstone Partners, L.P., the Partnership will also bear its <i>pro rata</i> share of all expenses incurred in connection with the ongoing operation of</p> |

| | |
|--|--|
| | <p>Archstone Partners, L.P. Archstone Partners, L.P. bears all of its own operating expenses and certain overhead expenses as detailed above, except that Archstone reimburses Archstone Partners, L.P. as detailed above. It should be noted that the Partnership will not be subject to the management fee otherwise payable to A.P. Management Company, LLC or the preferred profit participation otherwise allocable to Archstone Management Company, LLC in its capacity as general partner to Archstone Partners, L.P.</p> <p><u>A.P. Opportunities Fund, L.P.</u> All expenses relating to the Partnership's operation will be borne by the Partnership, except that Archstone will reimburse the Partnership for all expenses (other than interest, taxes, the management fee, extraordinary expenses (such as litigation expenses) and expenses directly related to an investment or trading transaction of the Partnership) that exceed in any one year 1% of the Partnership's average quarterly net assets up to \$25 million determined as of the first day of each calendar quarter, and .50 of 1% of the Partnership's average quarterly net assets of \$25 million or more.</p> <p><u>Archstone Offshore Fund, Ltd. and A.P. Opportunities Fund, Ltd.</u> In addition to the payment of the management fee, the Fund will reimburse Archstone for expenses incurred by Archstone in connection with the performance of services on behalf of the Fund, so long as such reimbursable expenses, plus the Fund's ordinary expenses, exclusive of interest, taxes, the management fee, extraordinary expenses (such as litigation expenses) and expenses related to an investment or trading transaction of the Fund, do not exceed in any one year 1% of the Fund's average quarterly net assets up to US\$25 million determined as of the first day of each calendar quarter and .50 of 1% of the Fund's average quarterly net assets of US\$25 million or more.</p> <p><u>Archstone Equity Strategies Fund, Ltd. and Archstone Absolute Return Strategies Fund, Ltd.</u> In addition to the payment of the management fee, the Fund will reimburse Archstone for expenses incurred by Archstone in connection with the performance of services on behalf of the Fund, so long as such reimbursable expenses, plus the Fund's ordinary expenses, exclusive of interest, taxes, the management fee, extraordinary expenses (such as litigation expenses) and expenses related to an investment or trading transaction of the Fund, do not exceed in any one year 0.60 of 1% of the Fund's average quarterly net assets determined as of the first day of each calendar quarter.</p> <p>With respect to Archstone Offshore Fund, Ltd., while the Fund issues Shares: (i) in the British Pound Sterling, in the case of Series C and D Shares, and (ii) in the Canadian Dollar, in the case of Series E and F Shares, as their operational currency, the U.S. Dollar is the functional currency of the Fund and the currency in which all of the Fund's direct investments are denominated. Expenses, gains and losses in respect of any hedging arrangements attributable to a particular Series will be allocated solely to such Series of Shares.</p> <p>As a general note, by investing in the Archstone Funds, which in turn invests through the Portfolio Funds, an investor will, in effect, incur the costs of two forms of investment advisory services: (i) the Archstone Fund expenses, the management fee and/or preferred profit participation or incentive allocation/fee (if applicable) paid to Archstone, and (ii) the Portfolio Funds' expenses, the</p> |
|--|--|

| | |
|-----------------|--|
| | <p>management fees and/or incentive allocations or fees paid to managers of Portfolio Funds or managed accounts in selecting investments on behalf thereof. Further, investors in the Archstone Fund may be indirectly bearing brokerage and other transaction costs of Portfolio Funds. Please refer to Item 12 – Brokerage Practices for further information.</p> <p>Additionally, if, in order to satisfy an investor’s withdrawal/redemption request, an Archstone Fund is charged a withdrawal/redemption fee by one or more Portfolio Funds, the withdrawing/redeeming investor’s proportionate share of such fee may be deducted from the withdrawal/redemption proceeds.</p> <p>As noted in Item 4.B, Archstone Partners, L.P. (and thus indirectly Archstone Partners II, L.P.) and Archstone Offshore Fund, Ltd. may from time to time invest in one or more Archstone Funds managed or advised by Archstone. In these instances, the investing Archstone Fund will not be charged any management or performance-based fees (if applicable); however, the investing Archstone Fund will pay its <i>pro rata</i> share of the expenses of the Archstone Fund in which it invests.</p> <p>It is very important that investors refer to the relevant confidential private offering memorandum and other governing documents for a complete understanding of the Archstone Funds’ fees and expenses. The information contained herein is a summary only and is qualified in its entirety by such documents.</p> |
| Item 5.D | <p>If your <i>clients</i> either may or must pay your fees in advance, disclose this fact. Explain how a <i>client</i> may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.</p> <p>As noted in Item 5.B, the management fees of the Archstone Funds are paid quarterly in advance, and are prorated for contributions made during the quarter. With respect to the Archstone Funds, any unearned portion of the prepaid quarterly Management Fee for any fiscal quarter that is less than three months will be refunded to the applicable Archstone Fund.</p> <p>With respect to terminating the investment advisory relationship, withdrawals/redemptions from the Archstone Funds are subject to significant conditions and restrictions, which are set forth in the relevant Archstone Fund’s governing documents. Such conditions, restrictions, and limitations may include, without limitation:</p> <ul style="list-style-type: none"> ○ The condition that withdrawal/redemption requests be properly submitted in accordance with the relevant Archstone Fund documents and in a timely manner; ○ The condition that any “lock-up period” applicable to the interests/shares has expired; ○ The condition that withdrawals/redemptions, the calculation of net asset value, or the ability of investors to withdraw/redeem have not been suspended (in whole or in part) by Archstone; ○ The condition that payment of withdrawal/redemption proceeds may be deferred, if the relevant Archstone Fund is unable to liquidate its investments in Portfolio Funds in a timely manner; ○ Restrictions on the timing of withdrawal/redemption payments; |

| | |
|-------------------|---|
| | <ul style="list-style-type: none"> ○ Limitations on the amount paid to a withdrawing/redeeming investor due to hold backs or reserves for certain expenses, Archstone Fund liabilities, and contingencies, among other things; and ○ Limitations on the method of withdrawal/redemption payments (<i>i.e.</i>, in cash or in kind). <p>Archstone may waive or modify withdrawal/redemption terms for any investor in the Archstone Funds.</p> |
| Item 5.E | <p>If you or any of your <i>supervised persons</i> accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.</p> <p>Not applicable.</p> |
| Item 5.E.1 | <p>Explain that this practice presents a conflict of interest and gives you or your <i>supervised persons</i> an incentive to recommend investment products based on the compensation received, rather than on a <i>client's</i> needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to <i>clients</i>. If you primarily recommend mutual funds, disclose whether you will recommend “no-load” funds.</p> <p>Not applicable.</p> |
| Item 5.E.2 | <p>Explain that <i>clients</i> have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.</p> <p>Not applicable.</p> |
| Item 5.3.3 | <p>If more than 50% of your revenue from advisory <i>clients</i> results from commissions and other compensation for the sale of investment products you recommend to your <i>clients</i>, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.</p> <p>Not applicable.</p> |
| Item 5.E.4 | <p>If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.</p> <p>Not applicable.</p> |

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

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

As described in **Item 5.B** above, Archstone accepts performance-based compensation in the form of a preferred profit participation or an incentive allocation/fee, as applicable, with respect to certain of the Archstone Funds.

It should be noted that the possibility that Archstone could receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for Archstone to effectuate larger and riskier transactions for those particular Archstone Funds than would be the case in the absence of such form of compensation. Further, Archstone faces a potential conflict of interest in managing the Archstone Funds that are subject to performance-based fees alongside Archstone Funds that are not subject to such fees. Archstone may have an incentive to favor the Archstone Funds for which it will receive this additional compensation over the Archstone Funds that are not subject to such performance-based fees.

Archstone recognizes that it is a fiduciary and as such must act in the best interests of the Archstone Funds and investors. Further, Archstone recognizes that it must treat all clients fairly and must refrain from favoring one client's interests over another's. Archstone regularly assesses the allocation of its resources, including investment personnel, among its clients to ensure adherence to its fiduciary duties.

ITEM 7 – TYPES OF CLIENTS

Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

As described in **Item 1.A**, Archstone provides investment advisory services to the Archstone Funds using a “fund-of-funds” strategy.

Each investor in the Archstone Funds must meet certain eligibility requirements. Interests/Shares in the Archstone Funds are generally offered to (A) U.S. Investors who are (i) accredited investors within the meaning of Regulation D of the Securities Act of 1933, as amended (“Accredited Investors”) and (ii) qualified purchasers within the meaning of Section 2(a)(51) of the Investment Company Act of 1940, as amended (“Qualified Purchasers”) and (B) non-U.S. Investors.

Investments in Archstone Partners, L.P. and A.P. Opportunities Fund, L.P. are subject to a minimum initial investment amount of \$2,500,000.

Investments in Archstone Partners II, L.P.; Archstone Equity Strategies Fund, L.P.; Archstone Equity Strategies Fund, Ltd.; A.P. Opportunities Fund, Ltd.; and Archstone Absolute Return Strategies Fund, Ltd. are subject to a minimum initial investment amount of \$1,000,000.

Investments in Archstone Offshore Fund, Ltd. are subject to the following minimum initial investment amounts:

- Series A, Series AA, Series B and Series BB – US\$1,000,000
- Series C, Series CC, Series D and Series DD – £1,000,000
- Series E, Series EE, Series F and Series FF – C\$1,000,000

Investments in Archstone ERISA Fund, Ltd. are subject to a minimum initial investment amount of \$25,000,000.

Minimum investment amounts in the Archstone Funds are subject to reduction or waiver at the discretion of Archstone or the Board of Directors, as applicable. In the case of the Funds, the minimum initial investment may never be waived below US\$100,000.

Generally, the minimum account size for each Archstone Fund is \$100,000, subject to reduction or waiver at the discretion of Archstone or the Board of Directors, as applicable.

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

| | |
|-----------------|---|
| Item 8.A | <p>Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that <i>clients</i> should be prepared to bear.</p> <p>As noted in Item 4.B, Archstone provides investment advisory services to the Archstone Funds. The investment objective of each Archstone Fund is achieved solely through the direct or indirect allocation of assets to independent private money managers or investment in the Portfolio Funds. Archstone Partners II, L.P. serves as a feeder fund into Archstone Partners, L.P. and therefore invests all of its investable assets in Archstone Partners, L.P. It should be noted that Archstone Partners, L.P. (and thus indirectly Archstone Partners II, L.P.) and Archstone Offshore Fund, Ltd. may from time to time invest in one or more Archstone Funds managed or advised by Archstone.</p> <p>The Portfolio Funds in which the Archstone Funds invest employ a variety of investment strategies. Strategies employed by such Portfolio Funds (depending on the investment objective of the particular Archstone Fund) may include, taking long and short positions in the market, or blended/flexible strategies of long purchases/short sales or specializing in other sophisticated strategies such as statistical arbitrage, convertible arbitrage, fixed income, program trading, market neutral/absolute return, emerging markets or special situations. Assets may also be allocated to strategies focusing on bankruptcies, reorganizations and workouts, high yield securities and risk arbitrage. Other techniques employed by a Portfolio Fund may include the use of options on securities and options on stock indexes and trading various futures contracts. Additionally, certain Portfolio Funds may borrow funds for the purpose of purchasing securities, and such borrowing may not be subject to any limitations. From time to time, the Archstone Funds may participate indirectly in investments by Portfolio Funds in “new issues” as defined by FINRA New Issue Rule 5130. It should be noted that the Archstone Funds invest from time to time in Portfolio Funds that allocate a portion of their assets to private equity or otherwise illiquid investments. Such investments may be “side pocketed” whereby withdrawals/redemptions with respect thereto are indefinitely suspended until the occurrence of a realization event or until the portfolio manager determines that such investments are sufficiently liquid. <i>These are investment strategies used by the individual Portfolio Funds, not Archstone.</i></p> <p>Further, Portfolio Funds are not limited or restricted in their investment activities.</p> <p>Pending investment of contributions to the capital of the Archstone Funds, or to facilitate withdrawals/redemptions of capital by investors, the Archstone Funds may, without limitation, hold cash or invest in cash equivalents. Among the cash equivalents in which the Archstone Funds may invest are: obligations of the U.S. government, its agencies or instrumentalities; commercial paper; and certificates of deposit and bankers’ acceptances issued by domestic branches of U.S. banks that are members of the Federal Deposit Insurance Corporation. The Archstone Funds may also engage in repurchase agreements and may purchase shares of money market mutual funds in accordance with applicable legal restrictions.</p> |
|-----------------|---|

| | |
|--|--|
| | <p>The Archstone Funds may engage in borrowings from time to time (i) to finance investments pending receipt of subscription monies from investors; or (ii) to pay withdrawals/redemptions pending withdrawals/redemptions from Portfolio Funds. The Archstone Funds have entered into a committed line of credit to enable such borrowings on a periodic basis, although there can be no assurance that any such line of credit will be continued or that amounts available thereunder will be sufficient to satisfy its intended uses. Archstone ERISA Fund, Ltd. will only engage in such borrowings to the extent permitted by ERISA and other applicable law.</p> <p>Archstone may use a variety of resources to form an investment idea or strategy. Archstone primarily uses its extensive network of relationships in the industry, quantitative/qualitative analysis, due diligence and on-site visits to identify individual Portfolio Funds and underlying investment managers suitable for the Archstone Funds. In monitoring the Portfolio Funds, Archstone regularly conducts on-site visits and/or monthly calls with its underlying portfolio managers to assess, among other things, the manager's resources and infrastructure, expectations of the market, estimated performance and compliance with investment parameters. To monitor the portfolios, Archstone may prepare/employ aggregate portfolio analysis (including exposures, correlations, equity positions weighted at portfolio level), forward-looking qualitative methodology and quantitative underlying investment profiles (multiple regression model).</p> <p>In selecting particular Portfolio Funds and portfolio managers to which Archstone will allocate assets, Archstone may also be guided by any combination or all of the following criteria (depending on the investment objective of the particular Archstone Fund):</p> <ul style="list-style-type: none"> ▪ Managers that in the past have consistently earned returns that are a multiple of the U.S. Treasury bill rate. ▪ The degree to which a specific manager complements and balances the portfolio and correlates to the strategies employed by other managers selected by the Archstone Fund. ▪ Significant co-investment by the investment manager or general partner in the Portfolio Fund or a fund that invests in parallel therewith. ▪ Size and efficiency of assets managed. ▪ Continued favorable outlook for the strategy employed. ▪ The manager's reputation among peers and competitors. ▪ An acceptable compensation plan. ▪ Availability of management for regular meetings to review portfolio strategy and operating records. ▪ Transparency and frequency of reporting which allows full understanding of performance. <p>Additionally, depending on the investment objective of the particular Archstone Fund, a portion of capital may be allocated to Portfolio Funds who lack historical track records but, based on Archstone's judgment, offer exceptional potential.</p> <p>The Archstone Funds will attempt to diversify their holdings of Portfolio Funds and will each typically hold interests in no fewer than eight (8) Portfolio Funds at any one time. The Archstone Funds generally invest only in Portfolio Funds that have the calendar year as their fiscal year and that provide their investors with the specific right to make withdrawals/redemptions annually, or that provide their</p> |
|--|--|

| | |
|-----------------|--|
| | <p>general partners or managers with discretion to permit annual withdrawals/redemptions by investors, except that up to 20-30% of an Archstone Fund's assets (depending on its investment objective) may be invested in Portfolio Funds without any such feature. Furthermore, the Archstone Funds will not attempt to gain control over any Portfolio Fund and will generally limit its investments so that it will hold no more than 10% of the outstanding interests/shares of any one Portfolio Fund. In addition, each Archstone Fund will generally invest no more than 20-25% of its assets (depending on its investment objective) in any one Portfolio Fund. In addition, any profits and losses arising from a Portfolio Fund's investment in equity securities offered in an initial public offering will be allocated pursuant to the FINRA's New Issue Rules 5130 and 5131.</p> <p>Any investment in the Archstone Funds may be deemed speculative and is not intended as a complete investment program. Investments in the Archstone Funds are appropriate for only experienced and sophisticated persons who meet certain eligibility criteria, are able to bear the risk of loss of some or all of an investment, and have a limited need for liquidity.</p> <p>It is critical that investors refer to the relevant confidential private offering memorandum, explanatory memorandum and other governing documents for a complete understanding of Archstone's investment strategies and methods of analysis. The information contained herein is a summary only and is qualified in its entirety by such documents.</p> |
| Item 8.B | <p>For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.</p> <p><u>Illiquidity</u>: In light of the restrictions imposed on transfers or withdrawals/redemptions of interests/shares in the Archstone Funds, investments in the Archstone Funds should be viewed as illiquid and subject to risk. The Archstone Funds' investments in Portfolio Funds should also be viewed as illiquid and subject to risk. Most, if not all, Portfolio Funds in which the Archstone Funds invest will restrict both the transferability of the Archstone Funds' interest and the Archstone Funds' ability to withdraw/redeem, and may reserve the right to suspend or limit withdrawals/redemptions or delay the payment of withdrawal/redemption proceeds under certain circumstances. In particular, the Archstone Funds invest from time to time in Portfolio Funds that allocate a portion of their assets to private equity or otherwise illiquid investments. Such investments may be "side pocketed" whereby withdrawals/redemptions with respect thereto are indefinitely suspended until the occurrence of a realization event or until the manager determines that such investments are sufficiently liquid.</p> <p><u>Dependence on Archstone</u>: All decisions with respect to the Archstone Funds' assets and the general management of the Archstone Funds are made by A.P. Management Company, LLC or Archstone Management Company, LLC, as applicable. Investors have no right or power to take part in the management of the Archstone Funds. As a result, the success of the Archstone Funds depends largely upon the retention of Archstone's key personnel, including Alfred J. Shuman and</p> |

| | |
|--|---|
| | <p>Joseph S. Pignatelli, Jr. If for any reason the Archstone Funds were to lose the services of one or more of its key personnel and suitable replacements are not retained, the Archstone Funds may be adversely affected.</p> <p><u>Multiple Fees:</u> By investing in the Archstone Funds, which in turn invests through the Portfolio Funds, an investor will, in effect, incur the costs of two forms of investment advisory services: the management fee and/or preferred profit participation or incentive allocation/fee (if applicable) paid to Archstone, and management fees and/or incentive allocations or fees paid to managers of Portfolio Funds or managed accounts in selecting investments on behalf thereof. Additionally, if, in order to satisfy an investor's withdrawal/redemption request, an Archstone Fund is charged a withdrawal/redemption fee by one or more Portfolio Funds, the withdrawing/redeeming investor's proportionate share of such fee will be deducted from the withdrawal/redemption proceeds.</p> <p><u>Compensation Arrangements of Money Managers:</u> The managers or general partners of many, if not most, of the managed accounts and Portfolio Funds through which the Archstone Funds will invest will be compensated through incentive arrangements. Under these arrangements, the manager may benefit from appreciation, including unrealized appreciation, in the value of the account, but may not be similarly penalized for realized losses or decreases in the value of the account. Such fee arrangements may create an incentive for the managers to make purchases that are unduly risky or speculative. In most cases, however, the Archstone Funds anticipate investments in Portfolio Funds where the manager is required to recoup prior losses before any incentive fee is payable in respect of current gains.</p> <p><u>Inadvertent Concentration:</u> Although Archstone will monitor the money managers to whom the Archstone Funds have allocated capital, it is possible that a number of money managers might take substantial positions in the same security at the same time. This strategy would interfere with the Archstone Funds' goal of diversification.</p> <p><u>Lack of Regulation and Publicly Available Information Regarding Portfolio Funds:</u> The Portfolio Funds are generally not subject to many provisions of the federal securities laws. The interests in Portfolio Funds to be purchased and sold by the Archstone Funds will not be offered pursuant to registration statements effective under the U.S. Securities Act of 1933, as amended. In addition, the Portfolio Funds in which the Archstone Funds will invest will not be subject to the periodic information and reporting provisions of the U.S. Securities Exchange Act of 1934, nor will those Portfolio Funds be registered as investment companies under the U.S. Investment Company Act of 1940, as amended. Accordingly, only a relatively small amount of publicly available information about Portfolio Funds will be available to Archstone in managing and assessing the Archstone Funds' investments.</p> <p><u>Valuation of Portfolio Funds:</u> The method by which the Archstone Funds calculate their net asset value and allocation of net profits and net losses contemplates the Archstone Funds' valuing their holdings of Portfolio Funds. In valuing those holdings, the Archstone Funds will need to rely on financial information provided by Portfolio Funds and their service providers.</p> <p><u>Monthly Contributions and Admissions of Investors:</u> The Archstone Funds may</p> |
|--|---|

| | |
|--|--|
| | <p>permit investments by existing or new investors to occur monthly. Portfolio Funds in which the Archstone Funds invest, however, may not permit investments on the same basis. As a result, the Archstone Fund may be delayed in investing capital contributions to the Archstone Funds' capital in Portfolio Funds. This delay may in turn act to dilute the interests of investors in the Archstone Funds.</p> <p><u>U.S. Federal and State Law and ERISA Restrictions on Investments:</u> In view of the requirements of U.S. federal and state laws, including U.S. federal securities and commodities laws, applicable to both the Archstone Funds and the Portfolio Funds in which it will invest, the Archstone Funds may need to limit, for other than investment reasons, the amount of their assets committed to a managed account or invested in a particular Portfolio Fund. Further, the broad rulemaking authority granted to the SEC, CFTC and other regulators as a result of the Dodd Frank Wall Street Reform and Consumer Protection Act, which was implemented on July 21, 2010, could adversely affect the Archstone Funds and/or the Portfolio Funds by restricting their trading activities and/or increasing the costs or taxes to which investors are subject. The effect of any future regulatory change on the Archstone Funds and/or the Portfolio Funds could be substantial and could inhibit the ability of the Archstone Funds and/or the Portfolio Funds to pursue their respective investment approach.</p> <p>As a result of investment in Archstone ERISA Fund, Ltd. (the "Archstone ERISA Fund") by benefit plan investors, the Archstone ERISA Fund may be subject to a number of restrictions under ERISA. As a result, the Archstone ERISA Fund may not be able to take advantage of certain investment opportunities that would be available to an investment not subject to ERISA.</p> <p><u>Sole Money Managers:</u> Some of the money managers to whom the Archstone Funds may allocate capital consist of investment operations with only one principal. Although the Archstone Funds will attempt to avoid such situations, if that money manager's services became unavailable, the Archstone Funds might sustain losses.</p> <p><u>Other Clients of Money Managers:</u> The money managers will have exclusive responsibility for making trading decisions on behalf of the Archstone Funds. The managers will have various levels of experience. Additionally, the managers may also manage other accounts (including other funds and accounts in which the managers may have an interest) which together with accounts already being managed could increase the level of competition for the same trades the Archstone Fund might otherwise make, including the priorities of order entry. This could make it difficult or impossible to take or liquidate a position in a particular security or futures contract at a price indicated by an investment manager's strategy.</p> <p><u>Institutional Risk:</u> The institutions, including brokerage firms and banks, with which the Archstone Funds (directly or indirectly) does business, or to which securities have been entrusted for custodial purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Archstone Fund or a Portfolio Fund. The Archstone Funds will attempt to limit its transactions to well-capitalized and established banks and brokerage firms in an effort to mitigate such risks. All assets of the Archstone Funds not invested in Portfolio Funds will be held in a custody account at the Archstone Funds' custodians.</p> |
|--|--|

| | |
|-----------------|---|
| | <p><u>Counterparty Risk</u>: To the extent the a Portfolio Fund invests in swaps, “synthetic” or derivatives instruments, repurchase agreements, certain types of options or other customized financial instruments, or, in certain circumstances, non-U.S. securities, the Portfolio Fund takes the risk of non-performance by the other party to the contract. This risk may include credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions which generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.</p> <p>It is very important that investors refer to the relevant confidential private offering memorandum and other governing documents for a complete understanding of the material risks involved in relation to Archstone’s investment strategies and methods of analysis. The information contained herein is a summary only and is qualified in its entirety by such documents.</p> |
| Item 8.C | <p>If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.</p> <p><u>Short Selling</u>: Certain Portfolio Funds and managed accounts in which or through which the Archstone Funds may invest may engage in “short selling” of securities. The possible losses from selling short a security differ from losses that could be incurred from a cash investment in the security; the former may be unlimited, whereas the latter can only equal the total amount of the cash investment. Short selling activities are also subject to restrictions imposed by the U.S. federal securities laws and the various national and regional securities exchanges, which restrictions could limit the investment activities of Portfolio Funds or managed accounts. However, where an Archstone Fund invests through a Portfolio Fund, its exposure is limited to its investment in that Portfolio Fund.</p> <p><u>Leverage</u>: Certain Portfolio Funds in which the Archstone Funds invest may borrow funds for the purpose of purchasing securities. A particular Portfolio Fund may not be subject to any limitations on the amount of its borrowings, and the amount of borrowings that the Portfolio Fund may have outstanding at any time may be large in comparison to its capital. Borrowing money to purchase securities may provide a Portfolio Fund with the opportunity for greater capital appreciation, but, at the same time, will increase the Portfolio Fund’s, and indirectly the Archstone Fund’s, exposure to capital risk and higher current expenses. Moreover, if the Portfolio Fund’s assets are not sufficient to pay the principal of, and interest on, the Portfolio Fund’s debt when due, the Archstone Fund could sustain a total loss of its investment in the Portfolio Fund.</p> <p><u>Options Trading</u>: In seeking to enhance performance or hedge assets, a money manager may purchase and sell call and put options on both securities and stock indexes. Both the purchasing and selling of call and put options entail risks. Although an option buyer’s risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, an uncovered call writer’s loss is potentially unlimited, but in practice the loss is limited by the term of</p> |

| | |
|--|--|
| | <p>existence of the call. The risk for a writer of a put option is that the price of the underlying security may fall below the exercise price.</p> <p><u>Risk Arbitrage Transactions:</u> Portfolio Funds may purchase securities at prices slightly below the anticipated value of the cash, securities or other consideration to be paid or exchanged for such securities, in a proposed merger, exchange offer, tender offer or other similar transaction. Such purchase price may be substantially in excess of the market price of the securities prior to the announcement of the merger, exchange offer, tender offer or other similar transaction. If the proposed merger, exchange offer, tender offer or other similar transaction later appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security purchased by the Portfolio Fund may decline sharply and result in losses to the Portfolio Fund if such securities are sold, transferred or exchanged for securities or cash, the value of which is less than the purchase price. In certain transactions, the Portfolio Fund may not be “hedged” against market fluctuations. This can result in losses, even if the proposed transaction is consummated.</p> <p><u>Securities of Bankrupt or Special Situation Companies:</u> Portfolio Funds may invest in securities of issuers in weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings. Investments of this type involve substantial financial business risks that can result in substantial or total losses. Some of the Portfolio Funds may also make purchases of securities which the Portfolio Funds believe to be undervalued, or where a significant position in the securities of the particular company has been taken by one or more other persons or where other companies in the same or related industry have been the subject of acquisition attempts. If a Portfolio Fund purchases securities in anticipation of an acquisition attempt or reorganization, and an acquisition attempt or reorganization does not in fact occur, the Portfolio Fund may sell the securities at a material loss.</p> <p><u>Small Capitalization Stocks:</u> Portfolio Funds may invest in securities of companies with smaller capitalizations. Investments in small capitalization stocks involve greater risk than is customarily associated with larger, more established companies. These companies often have sales and earnings growth rates which exceed those of large companies. Such growth rates may in turn be reflected in more rapid share price appreciation. However, smaller companies often have limited product lines, markets or financial resources, and they may be dependent upon one-person management. These securities may also have limited marketability and may be subject to more abrupt or erratic movements in price than securities of larger companies or the market averages in general.</p> <p><u>Trading Commodity Interests:</u> Certain Portfolio Funds in which the Archstone Funds invest may trade in commodity interests. Commodity futures markets are highly volatile and are influenced by factors such as changing supply and demand relationships, governmental programs and policies, national and international political and economic events and changes in interest rates. In addition, because of the low margin deposits normally required in commodity futures trading, a high degree of leverage is typical of a commodity futures trading account. As a result, a relatively small price movement in a commodity futures contract may result in substantial losses to the trader. Moreover, commodity futures positions are marked to the market each day and variation margin payments must be paid to or</p> |
|--|--|

| | |
|--|---|
| | <p>by a trader. To the extent that principal transactions are engaged in, including, but not limited to, swaps, forward foreign currency transactions and bonds, the investor must rely on the creditworthiness of a counterparty. Commodity futures trading may also be illiquid, and certain commodity exchanges do not permit trading in particular commodities at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits -- which conditions have in the past sometimes lasted for several days with respect to certain contracts -- the Archstone Fund could be prevented from promptly liquidating unfavorable positions and thus be subjected to substantial losses. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that an individual or entity may indirectly hold or control in particular commodities. As noted above, the Archstone Fund intends to trade in commodity interests solely through investments in other commodity pools. Multi-investee-fund structures generally involve more complex fee structures than other pools and their profit potential may be adversely affected as a result of the potential for the pool to maintain offsetting positions due to the separate trading of various investee funds.</p> <p><u>Investment in Foreign Securities:</u> Investment in foreign securities may be subject to greater risks than purely domestic investment due to a variety of factors including currency controls and the fluctuation of currency exchange rates, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Dividends paid by foreign issuers may be subject to withholding and other foreign taxes that may decrease the net return on these investments as compared to dividends paid to the Archstone Fund by domestic corporations. There may be less publicly available information about foreign issuers than about domestic issuers, and foreign issuers are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those of domestic issuers. Securities of some foreign issuers are less liquid and more volatile than securities of comparable domestic issuers and foreign brokerage commissions are generally higher than in the United States. Foreign securities markets may also be less liquid, more volatile and less subject to government supervision than those in the United States. Investment in foreign countries could be affected by other factors not present in the United States, including expropriation, confiscatory taxation and potential difficulties in enforcing contractual obligations.</p> <p>Investors in the Archstone Funds should be aware that the Portfolio Funds may invest in a wide range of securities or financial instruments, each of which may present different risks than those described in this Item 8. It is critical that investors refer to the relevant confidential private offering memorandum and other governing documents for a complete understanding of the material risks involved in relation to an investment in the Archstone Funds. The information contained herein is a summary only and is qualified in its entirety by such documents.</p> |
|--|---|

ITEM 9 – DISCIPLINARY INFORMATION

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a *management person* has been *involved* in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the *management person's* favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the “date” of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a *client's* or prospective *client's* evaluation.

| | |
|-----------------|--|
| Item 9.A | <p>A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"> 1. was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any <i>felony</i>; (b) a <i>misdemeanor</i> that <i>involved</i> investments or an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses; 2. is the named subject of a pending criminal <i>proceeding</i> that involves an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses; 3. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation; or 4. was the subject of any <i>order</i>, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a <i>management person</i> from engaging in any <i>investment-related</i> activity, or from violating any <i>investment-related</i> statute, rule, or <i>order</i> <p>Not applicable.</p> |
| Item 9.B | <p>An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"> 1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or |

| | |
|-----------------|---|
| | <p>2. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation and was the subject of an <i>order</i> by the agency or authority</p> <p>(a) denying, suspending, or revoking the authorization of your firm or a <i>management person</i> to act in an <i>investment-related</i> business;</p> <p>(b) barring or suspending your firm's or a <i>management person's</i> association with an <i>investment-related</i> business;</p> <p>(c) otherwise significantly limiting your firm's or a <i>management person's investment-related</i> activities; or</p> <p>(d) imposing a civil money penalty of more than \$2,500 on your firm or a <i>management person</i>.</p> <p>Not applicable.</p> |
| Item 9.C | <p>A self-regulatory organization (SRO) proceeding in which your firm or a management person</p> <p>1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or</p> <p>2. was <i>found</i> to have been <i>involved</i> in a violation of the <i>SRO's</i> rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from <i>investment-related</i> activities; or (iii) fined more than \$2,500.</p> <p>Not applicable.</p> |

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

| | |
|------------------|---|
| Item 10.A | <p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.</p> <p>Not applicable.</p> |
| Item 10.B | <p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.</p> <p>Not applicable.</p> |
| Item 10.C | <p>Describe any relationship or arrangement that is material to your advisory business or to your <i>clients</i> that you or any of your <i>management persons</i> have with any <i>related person</i> listed below. Identify the <i>related person</i> and if the relationship or arrangement creates a material conflict of interest with <i>clients</i>, describe the nature of the conflict and how you address it.</p> <ol style="list-style-type: none"> 1. broker-dealer, municipal securities dealer, or government securities dealer or broker 2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund) 3. other investment adviser or financial planner 4. futures commission merchant, commodity pool operator, or commodity trading advisor 5. banking or thrift institution 6. accountant or accounting firm 7. lawyer or law firm 8. insurance company or agency 9. pension consultant 10. real estate broker or dealer 11. sponsor or syndicator of limited partnerships <p>As noted in Item 4.A, Archstone serves as investment adviser, sub-advisor, investment manager or general partner to the Archstone Funds and receives compensation for such services. Archstone, its employees and its related persons may invest directly in the Archstone Funds. It should be noted that Archstone has waived the management fee, incentive allocation/fee and/or the preferred profit participation for all employees and members of Archstone who are invested in the Archstone Funds, but such persons still bear their <i>pro rata</i> portions of the applicable Archstone Fund’s expenses, and they are subject to the same withdrawal/redemption terms as the other investors.</p> <p>In order to manage the above conflicts of interest, Archstone’s Code of Ethics requires access persons of Archstone to obtain prior written approval from Archstone’s Chief Compliance Officer before engaging in any transactions in</p> |

| | |
|------------------|--|
| | <p>limited offerings, including the Archstone Funds.</p> <p>Archstone Services LLC is an entity owned by Alfred Shuman. Although this entity does not fall under any of the above categories, it should be noted that Archstone Services LLC provides private aircraft travel services, at cost, for business use by Archstone personnel on behalf of the Archstone Funds. All costs that are related to business purposes (and which are related to expenses that are borne by the Archstone Funds) are allocated <i>pro rata</i> to the Archstone Funds based on asset size. All other expenses incurred by Archstone Services LLC, which include expenses for personal use of aircraft by Archstone principals, are allocated to and paid by such principals and are not borne by the Archstone Funds. Annual state fees, taxes and overhead costs will be paid by Alfred Shuman.</p> <p>It should be noted that an equity member and related person of Archstone is currently employed by and registered with a FINRA-registered broker-dealer. This related person is not an employee of Archstone, and he is not a management person of Archstone. Further, the FINRA-registered broker-dealer is not affiliated with Archstone. It should also be noted that, as explained in Item 12, Archstone generally does not utilize the services of broker-dealers because the Archstone Funds invest in Portfolio Funds. As such, Archstone is of the view that there is no inherent material conflict of interest as a result of this relationship.</p> <p>It should be noted that Archstone's members, officers and employees may conduct outside business activities which may be investment advisory in nature, and may include the management of trading accounts on their own behalf. Certain independent equity members and principals of Archstone (who do not participate in the day-to-day operations of the firm) sit on the advisory boards for outside companies and/or have senior positions at other investment advisory firms. Such equity members and principals may receive compensation in connection with these positions. It should also be noted that certain of Archstone's principals and equity members, who are also employees of the firm and involved in its day-to-day operations, are members of the investment committees of endowments and foundations, sit on the board of a public company and may have other outside activities. These individuals, in certain instances, receive compensation in connection with these activities. Such other activities or accounts may have investment objectives or may implement investment strategies similar to those of the Archstone Funds. All such outside business activities are required to be reported to, and certain outside activities are required to be pre-approved by, the Chief Compliance Officer pursuant to Archstone's Compliance Manual.</p> |
| Item 10.D | <p>If you recommend or select other investment advisers for your <i>clients</i> and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.</p> <p>While Archstone selects Portfolio Funds that are managed by unaffiliated managers for the Archstone Funds' investments, Archstone does not receive direct or indirect compensation from those Portfolio Funds. Rather, Archstone is compensated by investors in the pooled investment vehicles managed by</p> |

| | |
|--|--|
| | <p>Archstone.</p> <p>It should be noted that members, officers and employees of underlying portfolio managers of the Portfolio Funds may maintain personal investments in the Archstone Funds. In such instances, neither the Portfolio Fund nor Archstone requires the other party to reciprocate such investment, and each investment is the result of an independent investment decision made by the investing party. There is no special treatment of such investors, but such investments may give rise to conflicts of interest. Each investment is treated in the same manner with the same liquidity rights as any other investor. As part of the proxy voting procedures, investments such as this, to the extent they apply, are carefully reviewed to ensure that conflicts of interest are identified and addressed.</p> |
|--|--|

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

| | |
|-------------------------|---|
| <p>Item 11.A</p> | <p>If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any <i>client</i> or prospective <i>client</i> upon request.</p> <p>Archstone has adopted a Compliance Manual and Code of Ethics to monitor the potential conflicts of interests within the firm as it relates to access persons' personal trading (including investments in hedge funds, among others) and outside business activities and other matters. Archstone's Code of Ethics has been designed to comply with the requirements of Advisers Act Rule 204A-1 and is part of Archstone's Compliance Manual. Among other things, the Compliance Manual and Code of Ethics (i) requires that all employees comply with federal securities laws, (ii) requires that all employees submit to Archstone reports containing their personal securities holdings and transactions in reportable securities, and that Archstone review such reports, (iii) requires all employees to obtain pre-approval of certain types of investments, (iv) requires employees to disclose their outside business activities, and (v) contains policies and procedures designed to prevent the misuse of material, non-public information. Additionally, Archstone employees are required to report and pre-clear certain political contributions, in connection with Advisers Act Rule 206(4)-5. All personnel of Archstone are required to certify their compliance with the Compliance Manual and Code of Ethics upon hire and generally on an annual basis thereafter.</p> <p>Archstone also maintains policies and procedures to prevent insider trading that are designed to prevent the misuse of material, non-public information. Archstone's personnel are required to certify their compliance with the Code of Ethics and policies and procedures to prevent insider trading. Archstone's insider trading policies prohibit it and its personnel from trading for advisory clients or themselves, or recommend trading, in securities of a company while in possession of material, nonpublic information ("Inside Information") about the company, and from disclosing such information to any person not entitled to receive it. In addition, among other things, such policies seek to control and monitor the flow of Inside Information to and within the firm, as well as prevent trading based on Inside Information.</p> <p>Clients or prospective clients may obtain a copy of Archstone's Code of Ethics by contacting the Chief Compliance Officer, David R. Parker, at 212-201-0511 or via e-mail at dparker@archstonepartners.com.</p> |
| <p>Item 11.B</p> | <p>If you or a <i>related person</i> recommends to <i>clients</i>, or buys or sells for <i>client</i> accounts, securities in which you or a <i>related person</i> has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>Examples: (1) You or a <i>related person</i>, as principal, buys securities from (or sells securities to) your <i>clients</i>; (2) you or a <i>related person</i> acts as general partner in a partnership in which you solicit <i>client</i> investments; or (3) you or a <i>related person</i> acts as an investment adviser to an investment company that you recommend to <i>clients</i></p> |

| | |
|------------------|--|
| | <p>As noted in Items 4.A and 10.C, Archstone serves as sub-advisor, investment manager or general partner to the Archstone Funds and receives compensation for such services. Archstone, its employees and its related persons may invest directly in the Archstone Funds. As previously noted, Archstone has waived the management fee, incentive allocation/fee and/or the preferred profit participation for all employees and members of Archstone who are invested in the Archstone Funds, but such persons still bear their <i>pro rata</i> portions of the applicable Archstone Fund's expenses, and they are also subject to the same withdrawal/redemption terms as the other investors.</p> <p>The fact that Archstone, its employees and its related persons may have a financial ownership interest in the Archstone Funds creates a potential conflict in that it could cause Archstone to make different investment decisions than if they did not have such a financial ownership interest. Further, Archstone charges the Archstone Funds fees based on a percentage of assets under management via the management fee and, in some instances, based on performance via the preferred profit participation or incentive allocation/fee, as applicable. The management fee is payable without regard to the overall success or income earned by the Archstone Funds and therefore may create an incentive on the part of Archstone to raise or otherwise increase assets under management to a higher level than would be the case if Archstone were receiving a lower or no management fee. In instances where an Archstone Fund is charged a performance-based fee, Archstone may have an incentive to make investments that are riskier or more speculative than it otherwise would.</p> <p>Complete fee disclosures are provided to investors in the form of a confidential private offering memorandum and should be carefully reviewed by prospective investors. Further, as noted above in Item 11.A, Archstone has established a Code of Ethics that sets forth a standard of business conduct that takes into account Archstone's status as a fiduciary and requires access persons to place the interests of the Archstone Funds and investors above their own interests.</p> |
| Item 11.C | <p>If you or a <i>related person</i> invests in the same securities (or related securities, <i>e.g.</i>, warrants, options or futures) that you or a <i>related person</i> recommends to <i>clients</i>, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.</p> <p>As previously noted, Archstone Partners II, L.P. serves as a feeder fund to Archstone Partners, L.P. and therefore will invest all of its investable assets in Archstone Partners, L.P. Archstone Partners, L.P. (and thus indirectly Archstone Partners II, L.P.) and Archstone Offshore Fund, Ltd. may from time to time invest in one or more of the other Archstone Funds (each an "Affiliated Fund of Funds") managed or advised by Archstone. In that event, Archstone Partners, L.P. (and thus indirectly Archstone Partners II, L.P.) and Archstone Offshore Fund, Ltd. will not be charged any management or performance based fees by the Affiliate Fund of Funds nor will Archstone Partners, L.P. (and thus indirectly Archstone Partners II, L.P.) and Archstone Offshore Fund, Ltd. be charged any organizational, offering, accounting, administration, legal or other fees or expenses incurred at the Affiliated Fund of Funds level, other than those expenses directly related to an investment by Archstone Partners, L.P. (and thus indirectly Archstone Partners II, L.P.) and Archstone Offshore Fund, Ltd. in Portfolio</p> |

| | |
|------------------|--|
| | <p>Funds. While an investment by Archstone Partners, L.P. (and thus indirectly Archstone Partners II, L.P.) and Archstone Offshore Fund, Ltd. in an Affiliated Fund of Funds may enable Archstone and its affiliates to offer a broader array of investment funds to the Archstone Funds and its investors, such an investment presents a conflict of interest.</p> <p>Archstone's officers, employees and access persons may also invest in the underlying Portfolio Funds that Archstone recommends to its clients. As limited partners or shareholders of the same Portfolio Fund(s), such officers, employees and access persons would be participating in any capital gains (or losses) along with the Archstone Funds and its investors. Furthermore, members, officers and employees of the underlying portfolio managers of the Portfolio Funds in which the Archstone Funds invest may maintain personal investments in the Archstone Funds. In such instances, neither the underlying portfolio manager/Portfolio Funds nor Archstone require the other party to reciprocate such investment and each investment is the result of an independent investment decision made by the investing party, be it Archstone or the underlying portfolio manager/underlying Portfolio Funds (including their members, officers or employees). It should be noted that in each case, there is no special treatment of such investors in the Archstone Funds, but such investments may give rise to conflicts of interest. Each investment by such parties in the Archstone Funds is treated in the same manner with the same liquidity rights as any other investor. As part of the proxy voting procedures, investments such as this, to the extent they apply, are generally reviewed to ensure that conflicts of interest are identified and adequately addressed. It should also be noted that there may be instances whereby Archstone's officers, employees and access persons make direct investments in financial instruments that are also held by an underlying Portfolio Fund.</p> <p>Archstone seeks to monitor the potential conflicts of interests within the firm as it relates to access person's personal trading (including investments in the Archstone Funds). Each access person transaction is strictly required to be made in accordance with Archstone's Code of Ethics. In this regard, employees are subject to pre-clearance and periodic reporting requirements of their holdings and securities transactions under the firm's Code of Ethics. As previously noted, Archstone's Code of Ethics requires Archstone's access persons to obtain prior written approval from the Chief Compliance Officer before engaging in any transactions in limited offerings. The Chief Compliance Officer reviews access persons' personal transaction reports to make sure each access person is conducting his or her personal securities transactions in a manner that is consistent with the Code of Ethics.</p> <p>Please also refer to Item 11.B above.</p> |
| Item 11.D | <p>If you or a <i>related person</i> recommends securities to <i>clients</i>, or buys or sells securities for <i>client</i> accounts, at or about the same time that you or a <i>related person</i> buys or sells the same securities for your own (or the <i>related person's</i> own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>Archstone may simultaneously seek to purchase investments for the Archstone Funds for which it or an affiliate serves as investment adviser or general partner (or in a similar capacity). While Archstone will have the discretion to apportion such investments among such entities and, in the case of limited capacity in the underlying Portfolio Fund that is suitable for more than one Archstone Fund, will</p> |

| | |
|--|---|
| | <p>make its allocation decisions based on principals of fairness and equity, Archstone cannot assure equal treatment across all Archstone Fund accounts. Further, due to timing of withdrawals/redemptions and contributions, Archstone may give advice or take action with respect to the investments of one or more Archstone Funds that may not be given or taken with respect to other Archstone Funds with similar investment programs, objectives, and strategies. Accordingly, due to timing of withdrawals/redemptions and contributions, the Archstone Funds with similar strategies may not hold the same securities or instruments or achieve the same performance returns.</p> <p>Archstone and its personnel may have conflicts in allocating their time and services among advisory clients. Archstone will devote as much time to each advisory client as it deems appropriate to perform its duties in accordance with its investment management agreements.</p> <p>As noted in Item 10.C, Archstone’s members, officers and employees may conduct outside business activities which may be investment advisory in nature, and may include the management of trading accounts on their own behalf. Certain independent equity members and principals of Archstone (who do not participate in the day-to-day operations of the firm) sit on the advisory boards for outside companies and/or have senior positions at other investment advisory firms. Such equity members and principals may receive compensation in connection with these positions. It should also be noted that certain of Archstone’s principals and equity members, who are also employees of the firm and involved in its day-to-day operations, are members of the investment committees of endowments and foundations, sit on the board of a public company and may have other outside activities. These individuals, in certain instances, receive compensation in connection with these activities. Such other activities or accounts may have investment objectives or may implement investment strategies similar to those of the Archstone Funds. All such outside business activities are required to be reported to, and certain outside activities are required to be pre-approved by, the Chief Compliance Officer pursuant to Archstone’s Compliance Manual.</p> <p>As noted in Item 11.A, Archstone has adopted a Code of Ethics to monitor such potential conflicts of interests. Please also refer to Items 11.B and 11.C above.</p> |
| | <p>As an aside, it should also be noted that members, officers and employees of Archstone may personally have arrangements in place with the service providers and vendors, including third-party consultants (collectively, the “Outside Vendors”) utilized by Archstone and/or the Archstone Funds (<i>i.e.</i>, personal bank accounts maintained with an outside vendor). In such instances, each arrangement is the result of an independent decision made by such member, officer or employee. It should be noted that in each case, there is no special treatment requested by the Archstone member, officer or employee, but such arrangements may give rise to conflicts of interest.</p> <p>It should also be noted that Archstone periodically receives investments from investors referred by certain third-party consultants (the “Third-Party Consultants”), who advise their underlying client base on alternative investment options. Such Third-Party Consultants, including their respective members, officers and employees may also maintain personal investments in the Archstone Funds. Members, officers, and employees of the Third-Party Consultants receive</p> |

| | |
|--|--|
| | no more favorable terms than those that are available to the other investors in the Archstone Funds. |
|--|--|

ITEM 12 – BROKERAGE PRACTICES

| | |
|-------------|---|
| Item 12.A.1 | <p>Describe the factors that you consider in selecting or recommending broker-dealers for <i>client</i> transactions and determining the reasonableness of their compensation (e.g., commissions).</p> <ol style="list-style-type: none"> 1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create. <ol style="list-style-type: none"> a. Explain that when you use <i>client</i> brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services. b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your <i>clients’</i> interest in receiving most favorable execution. c. If you may cause <i>clients</i> to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact. d. Disclose whether you use soft dollar benefits to service all of your <i>clients’</i> accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to <i>client</i> accounts proportionately to the soft dollar credits the accounts generate. e. Describe the types of products and services you or any of your <i>related persons</i> acquired with <i>client</i> brokerage commissions (or markups or markdowns) within your last fiscal year. f. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for soft dollar benefits you received. <p>Not applicable. As Archstone is a “fund-of-funds” manager with no direct investments other than those in Portfolio Funds or in other Archstone Funds, Archstone is not involved in selecting or recommending broker-dealers for Archstone Fund transactions and determining the reasonableness of broker-dealer compensation (i.e., commissions). Archstone has no control in negotiating the rates of compensation the Portfolio Funds, and ultimately the Archstone Funds’ investors, will pay. Furthermore, Archstone does not receive research or other products or services from broker-dealers or third parties in connection with Archstone Fund transactions (“soft dollar benefits”). It is expected that Portfolio Managers utilized by the Archstone Funds will allocate brokerage business generally on the basis of best available execution and in consideration of such</p> |
|-------------|---|

| | |
|--------------------|---|
| | <p>brokers' provision of brokerage, research and related services (but no absolute assurances can be made in that respect). Archstone has no direct control over Portfolio Managers' best execution review processes.</p> <p>It should be noted that there has been an occasion where certain of the Archstone Funds have received an in-kind distribution from a Portfolio Fund. In this limited circumstance, Archstone was able to select the broker to house and sell such securities.</p> |
| Item 12.A.2 | <p><u>Brokerage for Client Referrals.</u> If you consider, in selecting or recommending broker-dealers, whether you or a <i>related person</i> receives <i>client</i> referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.</p> <ol style="list-style-type: none"> Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving <i>client</i> referrals, rather than on your <i>clients'</i> interest in receiving most favorable execution. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for <i>client</i> referrals. <p>Not applicable. Archstone's investments are in Portfolio Funds or other Archstone Funds, which are not traded on an exchange. As such, Archstone does not utilize brokers or dealers to execute transactions. As noted above, there has been an occasion where Archstone was able to select the broker to house securities from an in-kind distribution from a Portfolio Fund.</p> |
| Item 12.A.3 | <p><u>Directed Brokerage.</u></p> <ol style="list-style-type: none"> If you routinely <u>recommend</u>, <u>request</u> or <u>require</u> that a <i>client</i> direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their <i>clients</i> to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of <i>client</i> transactions, and that this practice may cost <i>clients</i> more money. If you <u>permit</u> a <i>client</i> to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of <i>client</i> transactions. Explain that directing brokerage may cost <i>clients</i> more money. For example, in a directed brokerage account, the <i>client</i> may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the <i>client</i> may receive less favorable prices. <p>Not applicable. As noted above, Archstone has no control in deciding what brokers and dealers the underlying portfolio managers will use and in negotiating the rates of compensation the Portfolio Funds, and ultimately the Archstone Funds' investors, will pay. It is expected that the underlying portfolio managers</p> |

| | |
|------------------|---|
| | will allocate brokerage business generally on the basis of best available execution and in consideration of such brokers' provision of brokerage and research services (but no absolute assurances can be made in that respect). |
| Item 12.B | <p>Discuss whether and under what conditions you aggregate the purchase or sale of securities for various <i>client</i> accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to <i>clients</i> of not aggregating.</p> <p>Not applicable. Archstone's investments are in Portfolio Funds or other Archstone Funds.</p> |

ITEM 13 – REVIEW OF ACCOUNTS

| | |
|-------------------------|---|
| <p>Item 13.A</p> | <p>Indicate whether you periodically review <i>client</i> accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the <i>supervised persons</i> who conduct the review.</p> <p>Active accounts are under continuous review with regard to investment policy, the suitability of the investments used to meet the policy objectives and the investment objectives of the particular account. As described in Item 8.A. above, Archstone regularly conducts on-site visits and/or monthly calls with its portfolio managers to monitor, among other things, the manager's resources and infrastructure, expectations of the market and compliance with investment parameters. Portfolio reviews for the Archstone Funds are also conducted not less frequently than monthly to assess, among other things, investment performance and whether the underlying Portfolio Funds continue to meet a certain investment criteria established by Archstone's Investment Committee. Archstone may use manager-provided information or public/regulatory filings to conduct its analysis. Currently, the Investment Committee consists of three members of Archstone, Alfred J. Shuman (Principal and Chief Executive Officer), Joseph S. Pignatelli, Jr. (President) and Andrew J. Small (Chief Financial Officer). There is no specific factor which triggers a review and no procedure which determines the sequence in which accounts will be reviewed. In general, transactions will be initiated in the Archstone Funds as a result of a new investment decision or realization of an existing investment that is not meeting expectations. In this regard, the Investment Committee is assisted by members of Archstone's Research Committee, who provide due diligence, manager evaluation and quantitative analysis on behalf of Archstone. It should also be noted that Archstone's operations team provides operational due diligence on prospective and current portfolio investments and attend all Research Committee meetings.</p> |
| <p>Item 13.B</p> | <p>If you review <i>client</i> accounts on other than a periodic basis, describe the factors that trigger a review</p> <p>Please see Item 13.A above. The accounts are under periodic review.</p> |
| <p>Item 13.C</p> | <p>Describe the content and indicate the frequency of regular reports you provide to <i>clients</i> regarding their accounts. State whether these reports are written.</p> <p>Investors are provided with the following written reports: (i) unaudited reports will be distributed to investors in each Archstone Fund on at least a quarterly basis setting out information determined by Archstone to be appropriate concerning valuations, profits, gains and losses; (ii) monthly reports which include estimated performance and capital account balances; (iii) audited financial reports prepared by the Archstone Funds' independent auditors will be distributed to each investor on an annual basis; and (iv) all investors in the Partnerships will also be furnished with K-1s.</p> <p>Additionally, Archstone may, from time to time, in its discretion provide information which it determines to be appropriate concerning valuations, profits, gains and losses more frequently than quarterly upon request.</p> |

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

| | |
|------------------|---|
| Item 14.A | <p>If someone who is not a <i>client</i> provides an economic benefit to you for providing investment advice or other advisory services to your <i>clients</i>, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.</p> <p>Not applicable.</p> |
| Item 14.B | <p>If you or a <i>related person</i> directly or indirectly compensates any <i>person</i> who is not your <i>supervised person</i> for <i>client</i> referrals, describe the arrangement and the compensation.</p> <p>Archstone has and may enter into other arrangements pursuant to which it compensates third parties for investor referrals. Such arrangements will be made in compliance with Rule 206(4)-3 under the Advisers Act, as well as relevant SEC guidance. In general, Archstone may pay third party solicitors out of the fees received by Archstone with regard to the Archstone Funds for investor referrals. All such fees, if any, will be fully disclosed to investors prior to investment.</p> |

ITEM 15 – CUSTODY

If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

With respect to the Archstone Funds, each Archstone management entity is deemed to have custody by virtue of their status as investment manager and/or general partner, respectively. Archstone will maintain the assets of the Archstone Funds in accounts with a “qualified custodian” pursuant to Rule 206(4)-2 under the Advisers Act and notify investors in writing through this Form ADV Part 2A of each of the qualified custodian’s name, address and the manner in which the assets are maintained promptly when the account is opened and following any changes to this information.

Archstone has established custodial relationships for the Partnerships with First Republic Bank (1230 Avenue of the Americas, New York, NY 10020) (“First Republic”) and Bank of New York Mellon, through its’ agent and nominee subsidiary Charles Frederic & Co. (101 Barclay Street, 13th Floor West, New York, NY 10286) (“BNY Mellon”) whereby First Republic serves as the qualified custodian for certain of the cash assets of the Partnerships and BNY Mellon will serve as qualified custodian for certain of the cash assets and securities of the Partnerships.

Archstone has established custodial relationships for the Funds with Bank of New York Mellon, through its’ agent and nominee subsidiary Charles Frederic & Co. (101 Barclay Street, 13th Floor West, New York, NY 10286) and J.P. Morgan Chase (270 Park Avenue, New York, NY 10017) whereby BNY Mellon will serve as qualified custodian for certain of the cash and securities of the Funds and J.P. Morgan Chase will serve as qualified custodian for certain of the cash assets of the Funds.

To ensure compliance with Rule 206(4)-2 under the Advisers Act, Archstone reasonably believes that all investors in the Archstone Funds will be provided with audited financial statements for the Archstone Funds, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 180 days of the end of the Archstone Funds’ respective fiscal years. Investors should carefully review the audited financial statements of the Archstone Funds.

ITEM 16 – INVESTMENT DISCRETION

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

Archstone has discretionary authority to manage the Archstone Funds. Archstone is authorized to make purchase and sale decisions for the Archstone Funds. As explained in **Item 4.C** above, individual investors in the Archstone Funds do not have the ability to impose limitations on Archstone's discretionary authority. Prospective investors are provided with an offering memorandum prior to their investment and are encouraged to carefully review the offering memorandum, along with all other relevant offering documents, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors must also execute a subscription agreement, which constitutes a legal, valid and binding obligation of the investor, enforceable in accordance with its terms.

ITEM 17 – VOTING CLIENT SECURITIES

| | |
|-------------------------|--|
| <p>Item 17.A</p> | <p>If you have, or will accept, authority to vote <i>client</i> securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your <i>clients</i> can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your <i>clients</i> with respect to voting their securities. Describe how <i>clients</i> may obtain information from you about how you voted their securities. Explain to <i>clients</i> that they may obtain a copy of your proxy voting policies and procedures upon request.</p> <p>Archstone understands and appreciates the importance of proxy voting. To the extent that Archstone has discretion to vote the proxies on behalf of the Archstone Funds, Archstone will vote any such proxies in the best interests of the Archstone Funds and in accordance with set compliance procedures.</p> <p>Prior to voting any proxies, Archstone’s investment team (which may be in consultation with the Chief Compliance Officer) will determine if there are any conflicts of interest related to the proxy in question. If a conflict is identified, the investment team (in consultation with the Chief Compliance Officer) will then make a determination (which may be in consultation with outside legal counsel or compliance consultants) as to whether the conflict is material or not. If no material conflict is identified pursuant to its set procedures, the Investment Committee will make a decision on how to vote the proxy in question. The Director of Operations, or her designee, will ensure delivery of the proxy, in accordance with instructions related to such proxy, in a timely and appropriate manner. Archstone keeps a record of its proxy voting policies and procedures, proxy statements received, votes cast, all communications received and internal documents created that were material to voting decisions and each client request for proxy voting records and Archstone’s response for the previous five years.</p> <p>If you have any questions about Archstone’s proxy voting policy, its proxy record-keeping procedures or if you would like any detailed information about how proxies are actually voted, please contact the Chief Compliance Officer, David R. Parker, at 212-201-0511 or via e-mail at dparker@archstonepartners.com.</p> |
| <p>Item 17.B</p> | <p>If you do not have authority to vote <i>client</i> securities, disclose this fact. Explain whether <i>clients</i> will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) <i>clients</i> can contact you with questions about a particular solicitation.</p> <p>Not applicable.</p> |

ITEM 18 – FINANCIAL INFORMATION

| | |
|------------------|--|
| Item 18.A | <p>If you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, include a balance sheet for your most recent fiscal year.</p> <ol style="list-style-type: none"> 1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity. 2. Show parenthetically the market or fair value of securities included at cost. 3. Qualifications of the independent public accountant and any accompanying independent public accountant’s report must conform to Article 2 of SEC Regulation S-X. <p>Not applicable.</p> |
| Item 18.B | <p>If you have <i>discretionary authority</i> or <i>custody</i> of <i>client</i> funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to <i>clients</i>.</p> <p>Archstone is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to the Archstone Funds.</p> |
| Item 18.C | <p>If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.</p> <p>Not applicable.</p> |