



Form ADV Part 2A: Firm Brochure

Waterton Associates L.L.C.

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This brochure (this “Brochure”) provides information about the qualifications and business practices of Waterton Associates L.L.C. and its affiliates (collectively “Waterton Associates” or “Advisor”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Erin Ankin at 312-476-2060 or email (eankin@wallc.com).

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

Waterton Associates is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Item 2: Material Changes

In February 2012, Waterton Associates filed its initial application to register as an investment adviser with the SEC. Accordingly, pursuant to disclosure rules under the Advisers Act, this is the first Brochure compiled by Waterton Associates.

In the future, this Item will identify and discuss the material changes since the last annual update to assist investors and make them aware of certain information that has changed since the prior year's Brochure and that may be important to them.

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Item 4: Advisory Business

Waterton Associates is a private equity real estate investment firm organized as a limited liability company under the laws of the State of Illinois. David R. Schwartz and Peter M. Vilim co-founded Waterton Associates in 1995 and are the controlling shareholders. Marc Swerdlow is the President of Waterton Associates and is also a shareholder of the firm. Waterton Associates' Investment Committee is comprised of Mr. Schwartz, Mr. Vilim, Mr. Swerdlow, Mr. Philip Lukowski, and Mr. Gregory Lozinak.

Waterton Associates serves as an investment adviser to commingled investment vehicles, together with any respective parallel funds, co-investment entities, and/or sidecars, (the "Commingled Fund" or collectively the "Commingled Funds") which invest in multifamily real estate investments. Since 2002, Waterton Associates has provided investment advice to Commingled Funds in which a public employee benefit plan ("Pension Plan Client") has invested as the majority capital source with a Waterton Associates affiliated entity investing alongside the Pension Plan Client ("Pension Plan Funds"). The Pension Plan Funds generally make investments as the sole member of Special Purpose Entities ("SPEs") that acquire and hold interests in

multifamily real estate debt and equity investments. As of December 31, 2011, Waterton Associates managed \$1.98 billion in plan assets on behalf of the Pension Plan Funds.

Beginning in 2011, Waterton Associates expanded its advisory business to include other pension plans in addition to the Pension Plan Client. The Funds (as hereinafter defined) are managed either by a managing member entity affiliated with Waterton Associates or a general partner entity affiliated with Waterton Associates (the “Managing Member(s)” or “General Partner(s)”). Unless and only to the extent that the context otherwise requires, references to Waterton Associates shall include the Managing Member(s) or General Partner(s).

The Pension Plan Funds and Commingled Funds (each a “Fund” or collectively the “Funds”), invest primarily in value-add real estate targeting multifamily assets in well located, high barrier-to-entry markets at prices below comparative replacement cost. Multifamily investments will include a combination of garden, mid-rise and high-rise communities with an average unit count between 150 and 1,200 units. In limited instances Waterton Associates may, on behalf of the Funds, pursue investments in debt (both loan to own and yield to maturity strategies) secured by multifamily rental assets. As of December 31, 2011, Waterton Associates had \$71.6 million in assets under management comprised of real estate securities.

In providing services to the Funds, Waterton Associates formulates each Fund’s investment objectives, directs and manages the investment of each Fund’s assets, and provides reports to investors. Investment advice is provided directly to the Funds and not individually to the limited partners or shareholders of the Funds (the “Investors” or “Limited Partners”). Waterton Associates manages the assets of the Funds in accordance with the terms of each Fund’s applicable confidential offering and/or private placement memorandum, individual limited partnership or shareholder agreements and other governing documents applicable to each Fund (the “Governing Fund Documents”). Approval is required of the respective Fund’s management/advisory committee consisting of the Investor’s appointed representatives for any action that is beyond the guidelines prescribed in the Governing Fund Documents. All terms are generally established at the time of the formation of a Fund, and are only terminable once the applicable Fund is dissolved.

Item 5: Fees and Compensation

General

Waterton Associates typically receives compensation from fees based on capital commitments or total capitalizations based on current valuations, carried interest allocations and certain other fees or expenses related to transactions (see below). Each Fund assesses fees in a specific manner pursuant to its Governing Fund Documents and Investors are required to review the Governing Fund Documents for the respective Fund to understand all fees charged by Waterton Associates.

Management Fees

Certain Funds pay Waterton Associates or its affiliated entities an annual management fee (the “Management Fee”) which is payable quarterly in advance based on 1.25% of committed capital during the investment period and 1.50% of invested capital after the expiration of the applicable investment period. Certain other Funds pay a Management Fee based on the current valuation of portfolio of assets in the Fund, in which case it is assessed at 30 basis points of the value and is

paid in arrears. Waterton Associates may, in its sole discretion, waive or reduce Management Fees.

Carried Interest Allocations

A portion of each Fund's distributable proceeds may be allocated to the capital account of Waterton Associates or an entity affiliated with Waterton Associates as "carried interest." The manner of calculation of such carried interest is disclosed in the Governing Fund Documents, and may vary by Fund. Generally, however, 20% of the investment profits of the Funds are allocated as carried interest to such Fund's General Partner or Managing Members after the Fund achieves a preferred return between 9 – 12.5%. Incentive distributions to Waterton Associates or its affiliate are subject to clawback provisions which include the return of any incentive based distributions to Investors.

Acquisition Fees

Certain Funds may pay Waterton Associates an acquisition fee of .75% to 1% of the initial total acquisition cost of each project purchased on behalf of the Funds. This fee is payable upon the acquisition of each property.

Property Management Fees

An affiliate of Waterton Associates will receive property management fees with respect to each approved project for which it provides property management services. The property manager will receive a fee equal to 3.75% of gross collected revenues, plus reimbursement for expenses. In some instances, the fee is lower depending on the market where the project is located.

Construction Management Fees

An affiliate of Waterton Associates will receive a fee equal to 5% of the renovation and capital improvement costs for each project acquired by a Fund. The fee will be paid as the renovation and capital improvement costs are actually paid.

Operating Expenses

The Funds will bear all costs and expenses relating to the activities and operations of the Funds, including, but not limited to: (i) administrative fees, costs and expenses related to the operation of the Funds (including fees, costs and expenses of accountants, lawyers and other professionals incurred in connection with the Funds' annual audit, legal compliance, financial reporting, legal opinions and tax return preparation); (ii) fees, costs and expenses related to the acquisition, management, development, financing, hedging, refinancing and sale or other disposition of investments and the evaluation of potential investments (regardless of whether the potential investments are consummated), including any financing, legal, accounting, advisory and consulting expenses in connection therewith; (iii) fees, costs and expenses related to making temporary investments and any interest or hedging expenses; (iv) principal, interest on and fees and expenses arising out of all borrowings made by the Funds (including any costs related to arranging, establishing or maintaining any Subscription Facility (as defined in the Governing Fund Documents)); (v) expenses of liquidating the Funds; (vi) any taxes, fees or other governmental charges levied against the Funds and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds; (vii) fees, costs and expenses related to litigation, D&O liability, other insurance and indemnification obligations; (viii) the expenses of its

management or investor advisory committee; and (ix) amounts contributed or advanced to any entity or investment for the purpose of such entity or investment paying any cost of the type described in the foregoing clauses (i) through (viii). The foregoing costs and expenses, which include Organizational Expenses (as hereinafter defined), are referred to herein as “Operating Expenses.”

Organizational Expenses

Each Fund will bear all reasonable legal and other organizational and offering expenses incurred in the formation of each Fund and related entities (the “Organizational Expenses”). The Organizational Expenses may include travel and accommodation expenses, legal and accounting expenses, filing fees and expenses and printing costs, or other similar amounts, paid by Waterton Associates with respect to the offering of and subscription for interests in the Funds. Certain Funds limit Organizational Expenses to \$1 million.

Placement Fees

Certain Funds may have fees due to placement agents which may be offset by the Management Fees otherwise payable to Waterton Associates or its affiliates by an identical amount.

Administrative Expenses

Waterton Associates and its affiliates will pay all of their respective ordinary administrative and overhead expenses in managing Fund investments (including compensation of officers and employees and general office overhead).

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

As described in Item 5 above, Waterton Associates receives performance-based compensation in the form of “carried interest,” which calculation is based on the profits generated on the sale or disposition of Fund assets. Investors receive a preferential return on their investments prior to any incentive compensation paid to Waterton Associates or its affiliates. Any incentive compensation paid to Waterton Associates or its affiliates are subject to clawback provisions. The details of the clawback provisions together with distribution mechanisms are further described in the respective Fund’s governing document which is typically drafted to create an alignment of interest between the Investors and Waterton Associates with respect to the management of Funds investments and further, to reduce any conflicts of interest for Waterton Associates in the management of the Funds. However, since Waterton Associates and its affiliated entities or personnel are entitled to receive compensation that is directly computed on the basis of profits generated by the sale or disposition of Fund assets, an incentive to make more speculative investments may be perceived to exist.

Item 7: Types of Clients

Waterton Associates provides management and advisory services to the Funds, subject to the direction and control of the Managing Members and General Partners. Investors in the Funds may include, but are not limited to, high net worth individuals, trusts, foundations, pension plans (corporate and government), pooled investment vehicles, and corporate or business entities.

Certain Funds have a minimum investor commitment requirement. The minimum investor commitment is generally \$100 million for pension plans except in instances where the Funds

permit investments from high net worth individuals, trusts, and foundations. Waterton Associates maintains discretion to accept less than the minimum investment threshold.

Investors will be required to meet certain suitability qualifications. Details concerning applicable Investor suitability criteria are set forth in the respective Governing Fund Documents and subscription materials, which are furnished to each Investor.

The Advisor, through its status either as Managing Member or General Partner of the Funds, may enter into side letters or other writings with Investors which may have the effect of establishing rights under, or altering or supplementing, the terms of, the Governing Fund Documents. Any rights established, or any terms of the applicable Governing Fund Documents altered or supplemented in a side letter or other writing with an Investor will govern solely with respect to such Investor notwithstanding any other provision of such Governing Fund Document.

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

The Funds' investment objective is to acquire, renovate, manage and reposition existing multifamily properties located in targeted U.S. geographic areas and may include the purchase of underlying debt encumbering multifamily properties where Waterton Associates can be in a control position and/or where underwritten investment yields equal or exceed those which management believes are then obtainable from direct equity opportunities.

Co-Investment

In certain Funds, the Managing Member or the General Partner, as applicable, may give certain persons, including the Investors or third parties an opportunity to co-invest alongside the Funds subject to its sole discretion that no legal, regulatory, tax or other reasons would make it inadvisable to offer such co-investment opportunity to an Investor. The terms of any such co-investment will be set by the Managing Member or General Partner on a fair and reasonable basis to the Funds.

Joint Ventures

The Funds may invest in real estate assets jointly with third parties (including property owners, developers or other investors) who participate in the identification, acquisition, development or renovation, or other services or activities related to investments for the Funds.

Parallel Ventures

Certain Funds allow the General Partner, in its sole discretion, to create additional partnerships or other vehicles (the "Parallel Funds") for Investors with special strategies, including with respect to property types and investment structures, geographic focus, legal, regulatory, tax or other requirements. The Parallel Funds generally will invest side-by-side with the Fund (expected to be in proportion to unfunded capital commitments available to make the investment) on substantially the same terms and conditions as the Fund, including the sharing of Organizational Expenses and Operating Expenses. Parallel Funds may participate in investments on a different basis for legal, regulatory or tax reasons. A Parallel Fund may contain different terms and conditions than the Fund and other Parallel Funds, including with respect to the Management Fee, threshold internal rates of return and the Profits Interest (as defined in the Fund Governing Documents). While the

Fund will be denominated in U.S. dollars, Parallel Funds may be denominated in another currency.

Alternative Investment Vehicles

Certain Funds for legal, regulatory or other reasons which are in the best interests of some or all of the Limited Partners, allows the General Partner to permit all or a portion of an investment be made through an alternative investment structure. The General Partner may structure the making of such investment outside the Funds by requiring some or all of the Limited Partners to make such investment through entities other than the Funds.

Associated Risks

All investing involves a risk of loss and the investment strategy offered by the Advisor could lose money over short or even long periods. An investment in the Funds may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in the Funds. No guarantee or representation is made that a Fund will achieve its investment objective or that Limited Partners will receive a return of their capital.

Many investment decisions made by Waterton Associates will be dependent upon the ability of its members to obtain relevant information predominantly from non-public sources, and reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the control of the Advisor.

The descriptions contained below are a brief overview of different risks related to the Advisor's investment strategy; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with the management and operations of the Funds. Limited Partners should review the risks listed in the Fund Governing Documents prior to investing.

General Real Estate Risks

Real estate investments are subject to varying degrees of risk. Real estate values are affected by a number of factors, including: (i) changes in the general economic climate or in national or international economic conditions; (ii) local conditions (such as an oversupply of space or a reduction in demand for space); (iii) the quality and philosophy of management; (iv) competition based on rental rates; (v) attractiveness and location of the properties and changes in the relative popularity of property types and locations; (vi) financial condition of tenants, buyers and sellers of properties; (vii) quality of maintenance, insurance and management services; (viii) changes in real estate tax rates and other operating costs and expenses; (ix) energy and supply shortages; (x) changes in interest rates and the availability of debt financing; (xi) uninsured losses or delays from casualties or condemnation; (xii) government regulations (including those governing usage, improvements, zoning and taxes) and fiscal policies; (xiii) potential liability under changing environmental and other laws; (xiv) risks and operating problems arising out of the presence of certain construction materials; (xv) structural or property level latent defects; and (xvi) acts of God, acts of war (declared or undeclared), terrorist acts, strikes and other factors beyond the control of the Advisor and its affiliates. Investments in existing entities (*e.g.*, buying out a

distressed partner or acquiring an interest in an entity that owns a real property) could also create risks of successor liability.

Use of Leverage

The Funds expect to leverage its investments with debt financing at the property or operating company level. Although the use of leverage may enhance returns and increase the number of investments that can be made, it increases the exposure of the Funds' investments to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of the investments and substantially increases the risk of loss of principal. Debt service requirements may deplete cash flows and relatively small changes in the overall value of investments will have a magnified impact on the value of the equity of the Funds. While the use of leverage by the Funds has the potential to enhance overall returns that exceed the Fund's cost of borrowing, it will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of borrowing.

Illiquid Investments

The investments made by the Funds are expected to be illiquid. Given the nature of the investments contemplated by the Funds, there is a significant risk that the Funds will be unable to realize their investment objectives by sale or other disposition at attractive prices or will otherwise be unable to complete any exit strategy within any given period of time. In particular, these risks could arise from changes in the financial condition or prospects of the person or entity in which the investment is made, changes in national or international economic conditions and changes in laws, regulations or fiscal policies of jurisdictions in which investments are made. Dispositions of investments may be subject to contractual and other limitations on transfer (including prepayment penalties with respect to property level debt) or other restrictions that would interfere with the subsequent disposition of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In addition, it is unlikely that there will be a public market for the investments held by the Funds. The Funds generally will not be able to sell its investments publicly unless the sale is registered under applicable U.S. federal and state securities laws, or unless an exemption from such registration requirements is available. Furthermore, in some cases the Funds may be prohibited by contract from selling investments for a period of time.

Interest Rate Risks

The Funds will have exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect the value of the Funds. Changes in the general level of interest rates can affect the Funds' income by affecting the spread between the income on its assets and the expense of its interest-bearing liabilities, as well as, among other things, the value of its interest earning assets, the capitalization rate at which its assets are valued in the market and its ability to realize gains from the sale of investments. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of the Advisor and its affiliates. The Funds may finance investments with both fixed and floating rate leverage. With respect to its floating rate leverage, the Funds' performance may be affected adversely if the Funds fails to limit the effects of changes in interest rates on its operations by employing an effective hedging strategy, including engaging in interest rate swaps, caps, floors or other interest rate contracts, or buying and selling interest rate futures or options on such futures. Should the Funds so elect, the use of these instruments to

hedge a portfolio carries certain risks, including the risk that losses on a hedge position will reduce the Funds' earnings and funds available for distribution to its investors and that such losses may exceed the amount invested in such instruments. There is no perfect hedge for any investment, and a hedge may not perform its intended purpose of offsetting losses on an investment and, in certain circumstances, could increase such losses. The Funds may also be exposed to the risk that the counterparties with which the Funds trade may cease making markets and quoting prices in such instruments, which may render the Funds unable to enter into an offsetting transaction with respect to an open position.

Investments in Real Estate Debt

In addition to the risks of borrower default (including loss of principal and nonpayment of interest) and the risks associated with real estate investments generally, real-estate related debt investments are subject to a variety of risks, including the risks of illiquidity, lack of control, mismanagement or decline in value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on the exercise of contractual remedies for defaults of such investments. Debt investments have special inherent risks relative to collateral value. In certain circumstances, the Funds' loans may not be secured by a mortgage, but instead by partnership interests or other collateral that may provide weaker rights than a mortgage. In any case, in the event of default, the source of repayment is limited to the value of the collateral and may be subordinate to other lien holders (and the collateral value of the property may be less than the outstanding amount of the investment). Returns on an investment of this type depend on the borrower's ability to make required payments and, in the event of default, the ability of the loan's servicer to foreclose and liquidate the mortgage loan.

Valuation of Assets

Most of the securities owned by the Funds are not publicly traded and are required to be fair valued by the Advisor. When estimating fair value, the Advisor will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to review to ensure portfolio investments are fairly valued.

Past Results Not Indicative of Future Results.

The success of the Funds will depend upon the skill of the Advisor in selecting, managing and disposing of the investments of the Funds. No assurances can be given that the Funds will be profitable or that any particular investment return will be achieved. Past performance is not necessarily indicative of future results, and there can be no assurance that the Funds will achieve comparable results or that targeted returns will be met. The Funds will not own any interest in any prior investments of the Advisor or its affiliates, and therefore the results of the Funds will differ from the results of such prior investments. Accordingly, prospective investors should draw no conclusions from the performance of any of the investments of the Advisor and its affiliates and should not expect to achieve similar returns.

Risk of Bridge Financing

If the Funds make an investment with the intent of subsequently financing a portion of that investment, there is a risk that the Funds will be unable to successfully complete such a financing.

This could lead to the Funds having a larger amount of capital invested in an investment than anticipated and reduced diversification.

Item 9: Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or investor's evaluation of the adviser or the integrity of the adviser's management. Neither Waterton Associates nor any of its officers, directors, employees or other management persons, have been involved in any legal or disciplinary events in the past 10 years that would require disclosure in response to this item.

Item 10: Other Financial Industry Activities and Affiliations

Waterton Residential

Waterton Property Management L.L.C. d/b/a Waterton Residential, a wholly owned subsidiary entity of Waterton Associates, provides property management services to the majority of the multifamily properties owned by the Funds. As described in Item 5 above, Waterton Residential will earn property management and construction management fees in connection with the services that it provides to the properties that are owned by the Funds. Waterton Residential is also responsible for leasing the apartment and/or other multifamily units within the properties that it manages on behalf of the Funds.

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

Waterton Associates has adopted a written Code of Ethics designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act.

This Rule requires Waterton Associates to adopt a Code of Ethics that sets forth a standard of business conduct and compliance with federal securities laws by our employees. Our Code of Ethics contains policies and procedures that require the following: (i) pre-clearance before purchasing securities in the multifamily sector, or any securities in initial public offerings or private placements; (ii) periodic reporting of employees' personal securities transactions and holdings; and (iii) prompt internal reporting of any violations of the Code of Ethics.

Waterton Associates will provide a copy of our Code of Ethics to clients or prospective clients, upon request. Please contact Erin Ankin by telephone at 312-476-2060 or email (eankin@wallc.com) should you have any questions concerning our Code of Ethics or wish to obtain a copy.

The Advisor, its related persons and affiliated entities will have an investment in each Fund. For example, the General Partner or Managing Member for each Fund is comprised of related persons of the Advisor and its affiliated entities. Waterton Associates and its shareholders and employees will participate in the Fund's investment program by agreeing to commit a certain percentage of the Fund's total capital commitments or a certain amount as defined in the Fund's governing documents. Therefore, the Advisor and/or its related entities participate in transactions effected for Funds.

Item 12: Brokerage Practices

Best Execution

To the limited extent Waterton Associates transacts in public securities, or other non-private equity investments (e.g., hedging transactions), Waterton Associates will seek to obtain best execution. In general, best execution is obtaining a price in a transaction that is as favorable to the Funds under prevailing market conditions as can reasonably be obtained elsewhere. Besides price, several things may be considered in this analysis, such as the promptness and overall quality of execution, maintenance of confidentiality, the broker-dealer's settlement capabilities, and the broker-dealer's financial condition. As feasible, Waterton Associates will seek competitive quotes on all trades.

Soft Dollars

Waterton Associates receives real estate market data research from real estate brokers. Waterton Associates also uses the services of those real estate brokers to buy or sell real estate investments for the Funds. Waterton Associates and its affiliates do not have any formal soft dollar arrangements to compensate the brokers for the research that is provided. Waterton Associates and its affiliates may receive real estate-related research and market data from third party service providers. Waterton will bear the expense for the research obtained from such third parties.

Client Referrals

Waterton Associates engages placement agents from time to time. However, such placement agents are not used to effect transactions in real estate or publicly traded securities on behalf of the Funds.

Item 13: Review of Accounts

All investments are carefully reviewed and approved by the Waterton Associates Investment Committee. The acquisitions team observes transactions daily in the target markets to identify potential transactions. Potential investments are reviewed on a weekly basis in the transactions meetings.

Waterton Associates provides each Limited Partner with the following reports in accordance with the terms of the applicable Governing Fund Documents: (i) audited annual financial statements; (ii) unaudited quarterly financial statements together with a comprehensive investment memorandum describing the major events that occurred and an overview of general market conditions; (iii) quarterly and annual capital account statements and (iii) annual tax information necessary to complete any applicable tax returns.

Item 14: Client Referrals and Other Compensation

Waterton Associates may periodically engage third party placement agents (i.e., solicitors) to introduce prospective investors to the Funds. The fees and expenses of any third-party placement agents will be paid by the Funds, but will be reimbursed by Waterton Associates by offsetting its Management Fees.

As described in Item 10 above, Waterton Residential, an affiliated entity of Waterton Associates will receive property management fees and construction management fees in connection with providing services to the properties it manages which are owned by the Funds.

Item 15: Custody

Waterton Associates has access to client accounts (i.e., the Funds) since it or an affiliate serves as the General Partner of the Funds. Limited Partners will not receive statements from any custodians. Instead, the Funds are subject to an annual audit by an independent public accountant and the audited financial statements are distributed to each Limited Partner. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of each Fund's fiscal year end.

Item 16: Investment Discretion

In accordance with the terms and conditions of the Governing Fund Documents, and subject to the direction and control of the General Partner or Managing Member of each Fund, the Advisor generally has discretionary authority to determine, without obtaining specific consent from the Funds or its Limited Partners, the securities and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds. Approval is required of the respective Fund's management/advisory committee consisting of the Investor's appointed representative for any action that is beyond the guidelines prescribed in the Governing Fund Documents.

Item 17: Voting Client Securities

The Funds invest in equity and debt interests in real estate related assets which do not issue proxies. In the event that a Fund acquires equity positions or other positions that may solicit proxies in the future, Waterton Associates will develop and implement policies and procedures to vote such proxies in accordance with its fiduciary duty.

For any applicable proxies, Waterton Associates will maintain a record of any proxy votes executed on behalf of the Funds. Investors may contact Erin Ankin by telephone at 312-476-2060 or email (eankin@wallc.com) to obtain a copy of Waterton Associate's proxy voting policy or to obtain information with respect to any applicable proxy votes submitted on behalf of the relevant Fund.

Item 18: Financial Information

A balance sheet is not required to be provided as Waterton Associates (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients, or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.