

ITEM 1
COVER PAGE

PART 2A OF FORM ADV: FIRM BROCHURE

ALDEN GLOBAL CAPITAL LLC

March 31, 2015

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This brochure provides information about the qualifications and business practices of Alden Global Capital LLC ("Alden"). If you have any questions about the contents of this brochure, please contact us at 212-418-6866. 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 Alden also is available on the SEC's website at www.adviserinfo.sec.gov.

Alden is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

ITEM 2

MATERIAL CHANGES

Since the last version of this brochure, filed on March 31, 2014, Alden has replaced Alden Global Capital Limited as the investment adviser for a number of private funds, and Alden has terminated its sub-advisory agreement with Alden Global Capital Limited. In connection with these changes, the funds have terminated their investment management agreements with Alden Global Capital Limited and entered into new investment management agreements with Alden on substantially the same terms. Alden Global Capital Limited has ceased to provide services to the funds. This change constitutes an “assignment” under the Investment Advisers Act of 1940, as amended.

This has resulted in changes to Items 4, 5, 7 and 16 of this brochure. We encourage everyone to read this brochure in its entirety.

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ITEM 4

ADVISORY BUSINESS

A. General Description of Advisory Firm.

Alden Global Capital LLC (“Alden”) is a Delaware limited liability company which commenced operations in February 2012 and succeeded to the investment advisory business of Alden Global Capital, a division of Smith Management LLC, as of March 31, 2012. Alden is owned by The Alden Trust and Heath Freeman, the President of Alden.

B. Description of Advisory Services.

Alden is an investment advisory firm specializing in alternative investments. Alden currently acts as a discretionary adviser to private investment funds (each, a “Fund,” and, collectively, the “Funds”).

For more information on the Funds, please see Sections 7.B.(1) and 7.B.(2) of Schedule D to Part 1A of Alden’s Form ADV, available at www.adviserinfo.sec.gov.

Alden may in the future provide discretionary or non-discretionary advisory services to other investment funds or separately managed accounts. The Funds and any separately managed accounts advised by Alden from time to time are referred to collectively herein as “Clients.”

C. Availability of Customized Services for Individual Clients.

Alden advises each Client in an attempt to achieve the Client’s investment objective and, in the case of a Client that is a Fund, does not tailor its advice to the individual needs of any investor in the Fund. Generally, no investor in a Fund may impose any restrictions on the way Alden advises the Fund. When Alden provides advisory services to a Client through a separately managed account, or a fund created specifically for a Client, the investments Alden engages in for that account or fund are tailored to the individual needs of the Client and any investment restrictions or guidelines. Under such circumstances, other terms such as fees, liquidity, and access to information are mutually agreed between Alden and the Client.

D. Wrap Fee Programs.

Alden currently does not participate in any wrap fee programs.

E. Assets Under Management.

As of February 28, 2015, Alden had approximately \$2,243,686,000 of regulatory assets under management on a discretionary basis and \$0 of regulatory assets under management on a non-discretionary basis.

ITEM 5

FEES AND COMPENSATION

A. Advisory Fees and Compensation.

Compensation from the Funds received by Alden in its role as adviser to Clients consists of fees based on a percentage of the net asset value of the Funds ("Management Fees") and Performance Fees. The applicable Management Fees and Performance Fees are disclosed in the relevant Fund's offering documentation, which is provided to all prospective investors.

Management Fees are typically 2% per annum. Management Fees are generally payable quarterly in advance and are pro-rated for partial periods.

Performance Fees are generally 20% of net realized and unrealized capital appreciation, after making up for any losses carried forward from prior periods. The timing of allocations/distributions related to Performance Fees varies depending on the Fund and, within a particular Fund, on the terms of each class of interest of such Fund, as set forth in the relevant Fund's offering documentation.

Management Fees and/or Performance Fees may be waived, reduced, rebated or calculated differently in the sole discretion of the general partner of the Fund or Alden, as applicable.

B. Payment of Fees.

In general, Management Fees and Performance Fees are deducted from the assets of the Funds. As discussed above, Management Fees are generally deducted on a quarterly basis. Performance Fees are generally deducted, or allocated away, from the assets of investors in the Funds on a periodic basis, which period varies in duration with a general range of one to three years. Such duration is determined by the terms of each class of interest of the Fund, as set forth in the Fund's offering documentation.

An investor in a Fund may be billed for Management Fees, and a Fund may hold a portion of an investor's withdrawal/redemption proceeds in reserve to satisfy its future Management Fee payment obligations, in instances where the investor has requested a full withdrawal/redemption from the Fund and the Fund has elected to segregate assets in connection with such withdrawal/redemption.

C. Additional Fees and Expenses.

In addition to the Management Fees and Performance Fees described above, investors in the Funds may be subject to additional fees in the event of an early withdrawal. Investors in the Funds also are generally responsible for the costs and expenses of a Fund, as set forth in the Fund's offering documentation.

Generally, a Fund will bear all of its legal and other organizational expenses incurred in connection with its formation, including any and all expenses related to capital raising activities. In addition, the Fund will bear its own operating and other expenses, including, but not limited to: investment-related expenses (*e.g.*, costs, fees, and other out-of-pocket expenses directly related to the investigation of investment opportunities (whether or not consummated) such as external fees and transaction costs; all deal and access fees, whether paid to third party managers or brokers, for transactions in which the Fund participates; the acquisition, ownership, financing, hedging, or sale of its investments, including transaction and investment banking or similar costs, reasonable travel and lodging expenses in connection with investment activities, fees, interest and other costs on margin accounts or other financings or re-financings, borrowing charges on securities sold short, custodial fees, bank service fees, any withholding or transfer taxes imposed on the Fund or any Fund investors,

any governmental, regulatory, licensing, filing, or registration fees or taxes incurred by the Fund in compliance with the rules of any self-regulatory organization or any federal, state, or local laws (including, but not limited to, all fees incurred in connection with the completion and filing of Form PF, Form CPO-PQR, or other regulatory filings made with respect to the Fund); all fees and expenses related to any wholly-owned subsidiaries or other master funds or investment vehicles managed by Alden or its affiliates that are utilized to facilitate Fund transactions (including legal, administrative, custodial, audit, registered office, and other fees); legal and other expenses, brokerage commissions and other costs of executing transactions, information-related expenses, costs and expenses of portfolio construction tools and data services, costs and expenses of proxy research and voting services, clearing and settlement charges, interest expenses, appraisal fees and other due diligence expenses, all operational expenses, including legal (including responding to formal and informal inquiries and indemnification expenses), ERISA bonding costs, auditing, tax preparation and accounting expenses (including expenses associated with the preparation of financial statements and tax returns, if any), direct expenses incurred in obtaining systems, research, and other information utilized for portfolio management purposes that facilitate valuations and accounting (including the costs of statistics and pricing services, service contracts for quotation equipment, and related hardware and software), expenses incurred in the collection of monies owed to the Fund, insurance expenses, the Management Fee, fees of the Fund's administrator and any other service providers, and to the extent applicable, any entity-level taxes, fees or other governmental charges levied against the Fund, extraordinary expenses (such as litigation-related and indemnification expenses) and expenses comparable to the foregoing.

For Funds that are organized in a "master-feeder" structure, expenses of the master fund (other than the Management Fee) will be shared on a pro rata basis by the participating accounts in the feeder funds unless otherwise specifically attributable and specially allocated to one or more such participating accounts. Any expenses borne for the benefit of multiple Funds will be allocated among the Funds on a basis deemed by Alden to be fair and equitable.

Please see Item 12 for a discussion of Alden's brokerage practices.

D. Prepayment of Fees.

As discussed above, Management Fees are generally payable quarterly in advance and are pro-rated for partial periods. If an investor in a Fund makes a redemption/withdrawal other than as of the last day of a fiscal quarter, such investor will only be charged a pro rata portion of the management fee for that quarter (based on the actual number of days elapsed during the quarter) and any remaining Management Fee previously charged but not owed will be refunded to the investor.

E. Additional Compensation for the Sale of Securities or Other Investment Products.

Neither Alden nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

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

As noted in Item 5 above, Alden receives performance-based fees, but has the discretion to reduce or waive a performance-based fee from an investor or a Client. Performance-based fees may create an incentive for Alden to recommend investments that may be riskier or more speculative than would be the case if such arrangement were not in effect. In addition, performance-based fee arrangements may create an incentive for Alden to favor Clients whose accounts are subject to performance-based fees over Clients whose accounts are not subject to, or pay reduced, performance-based fees. Alden has adopted policies and procedures, including trade allocation policies, designed to manage these conflicts.

ITEM 7

TYPES OF CLIENTS

As noted in Item 4 above, Alden currently acts as a discretionary adviser to the Funds. Clients and investors in the Funds may include pension plans, foundations, funds of funds, charitable organizations, trusts, estates, corporations, sovereign wealth funds, other institutional investors and high net worth individuals.

The minimum subscription amounts for investing in the Funds are set forth in the Funds' respective offering documentation and range from \$100,000 - \$2,000,000, generally subject to change or waiver at the discretion of Alden or a Fund's general partner or board of directors, as applicable. It is anticipated that other investment funds advised by Alden will require similar minimum subscription amounts.

Separately managed account relationships are subject to significantly higher investment minimums that are negotiated on a case-by-case basis.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

1. Methods of Analysis and Investment Strategies.

The following descriptions of Alden's investment strategies may apply to some or all of the Funds. The strategies described may not necessarily apply to all Funds.

Alden's objective, for one or more of its Funds, is to achieve attractive absolute returns regardless of market conditions. Alden seeks to meet this objective by investing opportunistically in event-driven strategies by employing a fundamental value investing approach. One or more Funds focus on a global universe of both announced and anticipated hard or soft catalyst event-driven opportunities, including strategic, operational, financial, legal, regulatory, technical and other corporate catalysts, that Alden believes have the potential to significantly alter value and/or market perception. By employing investments in equities, bonds, loans, options, credit default swaps and other instruments, Alden generally seeks to capitalize on distressed situations, reorganizations, bankruptcy proceedings, liquidations, arbitrage opportunities, sovereigns, litigation, claims, liquidity crises, corporate spinoffs, tender offers, restructurings, proxy fights, recapitalizations, temporary supply-demand imbalances, non-economic selling pressures and other extraordinary events.

Alden's objective, for one or more of its Funds, is to achieve significant returns and long-term capital appreciation generally by making investments in undervalued equity, debt and other securities of or related to companies: (i) that are in bankruptcy as a result of financial or operating distress; (ii) undergoing extraordinary corporate actions as a result of financial or operating distress that may affect the price of their securities; and (iii) trading at low valuations, relating to issuers that are no longer subject to significant operating or financial distress, where Alden's analysis of operating performance may differ significantly from market consensus. Alden expects to concentrate a significant portion of these Funds' investments in tradable securities which: (1) may have liquidity constraints as a result of the nature of such securities; (2) may have liquidity constraints due to the duration of a particular extraordinary corporate event that the company is undertaking; or (iii) may have liquidity constraints due to the size of the position (*i.e.*, not practicably able to accumulate more than a sizeable position in such issuer's securities without limiting liquidity).

Alden seeks, through one or more of its Funds, to achieve attractive absolute returns over the life of the Fund by investing in opportunities in Greece and benefiting from the recovery of the Greek economy. Alden seeks to meet this objective by investing opportunistically in Greek securities through a fundamental value investing approach. The Fund focuses on both announced and anticipated hard or soft catalyst event-driven opportunities, including strategic, operational, financial, legal, regulatory, technical and other corporate catalysts, that Alden believes have the potential to significantly alter value and/or market perception. By making investments in Greece, Alden seeks to capitalize on the distressed opportunities and the economic and corporate recovery in the country.

Alden's investment strategy, for one or more of its Funds, is to opportunistically build a portfolio of debt securities that have fallen out of favor with investors for various reasons, as well as distressed real estate debt securities and related investments. Typically, the values of these investments have declined significantly due a variety of reasons, such as declines in the overall credit performance, ongoing operating issues, or insufficient cash flows from underlying collateral. These distressed scenarios will typically push many market participants, such as "ratings-based" investors, to the sidelines until the underlying conditions show signs of improvement. Alden intends to capitalize on these distressed opportunities before the full rehabilitation has occurred, then sell assets as the associated credit issues improve or get resolved. While, pursuant to this strategy, Alden invests primarily in commercial mortgage-backed securities ("CMBS"), it also invests opportunistically in other categories of related below-investment grade debt securities backed by commercial real estate.

These investments may include, but are not limited to, the following: (i) commercial real estate collateralized debt obligations; (ii) corporate debt issued by real estate investment trusts (“REITs”) and real estate companies; (iii) credit-tenant lease backed debt instruments; (iv) subordinated interests in first mortgage loans and mezzanine loans; (v) synthetics backed by CMBS, including CMBX, single name credit default swaps and total return swaps on CMBS indices; (vi) REIT equities; and (vii) commercial real estate-related equities.

The descriptions set forth above discuss Alden’s general methods of analysis and investment strategies and should not be understood to limit in any way Alden’s investment strategies. Alden may recommend whatever strategies or approaches it believes from time to time may be suited to prevailing market conditions.

The investment programs recommended by Alden are speculative and entail substantial risks, including the possibility of a complete loss of capital. There can be no assurance that the Funds’ investment objectives will be achieved or that significant losses will not be incurred.

Each Fund’s Private Placement Memorandum (“PPM”) or Offering Documents contain a more detailed discussion of its investment strategy and related risks.

B. Material, Significant, or Unusual Risks Relating to Investment Strategies.

An investment in a Fund is speculative and involves a significant degree of risk. The Funds are designed for sophisticated investors that are able to bear a substantial loss of capital and for whom the Fund is not a complete investment program. There is no assurance that the Fund’s objectives will be achieved and investment results may vary substantially from period to period. The following risk factors are not an exhaustive list of all of the factors that may negatively affect the performance of a Fund. This summary does not purport to describe all of the risks associated with a particular investment program. Please see each Fund’s PPM for a more complete description of these and other risks.

The following descriptions of risks may apply to the investment strategies of some or all of the Funds. The risks described may not necessarily apply to all Funds.

No Material Limitation on Strategies. The Funds will opportunistically implement whatever strategies or discretionary approaches Alden believes from time to time may be suited to prevailing market conditions. The risks associated with such strategies may be different than those described herein. There can be no assurance that Alden will be successful in applying any such strategy or discretionary approach and that losses will be avoided.

Discretion; New Strategies and Techniques. Alden has considerable discretion in the types of financial instruments which the Funds may trade and has the right to modify the trading strategies or hedging techniques of the Funds without notifying investors or seeking their consent. Any of these new trading techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Fund. In addition, any new investment strategy or hedging technique developed by the Fund may be more speculative than earlier techniques and may increase the risk of an investment in the Fund.

Risks of Investments Generally. All investments risk the loss of capital. Such investments are subject to investment-specific price fluctuations as well as to macro-economic, market and industry-specific conditions, including but not limited to national and international economic conditions, domestic and international financial policies and performance, conditions affecting particular investments such as

the financial viability, sales and product lines of corporate issuers, national and international politics and governmental events, and changes in income tax laws. No guarantee or representation is made that a Fund's investment program will be successful. A Fund's investment program involves, without limitation, risks associated with limited diversification and concentration, leverage, investments in speculative assets and the use of speculative investment strategies and techniques, interest rates, volatility, tracking risks in hedged positions, credit deterioration or default risks, systems risks and other risks inherent in a Fund's activities. Certain investment techniques of the Funds (e.g., use of direct leverage or indirectly through leveraged investments) can, in certain circumstances, magnify the impact of adverse market moves to which the Funds may be subject. In addition, the Funds' investments may be materially affected by conditions in real estate markets, the financial markets and overall economic conditions occurring globally and in particular markets where the Funds may invest their assets.

The Funds' methods of minimizing such risks may not accurately predict future risk exposures. Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be misinterpreted.

Limited Diversification; High Concentration. In the normal course of making investments on behalf of the Funds, Alden does not intend to diversify its investments. Furthermore, at any given time, a Fund's portfolio could become significantly concentrated within a particular company, asset or asset class, industry, sector, strategy or geographic region, and such concentration of risk may increase the losses suffered by a Fund or reduce its ability to hedge its exposure and to dispose of depreciating assets. In addition, it is possible that a Fund may select investments that are concentrated in a limited number or type of financial instruments. This high concentration could expose the Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those financial instruments.

Substantial Leverage. Alden may employ leverage in pursuing a Fund's investment program through debt financings and borrowings (both unsecured and secured through margin and repurchase transactions, potentially through securitizations sponsored by the Master Fund or otherwise), and the use of Over-The-Counter ("OTC") and exchange-traded derivative investments, including, but not limited to, options, futures, options on futures, credit default swaps, interest rate swaps, swaptions, currency forwards and other swap or derivative transactions.

While leverage presents opportunities for increasing a Fund's total return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment by a Fund would be magnified to the extent the Fund is leveraged. The cumulative effect of the use of leverage by a Fund in a market that moves adversely to the Fund's investments could result in a substantial loss to the Fund, which would be greater than if the Fund was not leveraged. Leverage will increase the exposure of a Fund to adverse economic factors such as significantly rising interest rates, severe economic downturns or a deterioration in the condition of the Fund's investments or their corresponding markets.

Because the Funds intend to engage in portfolio financings where several investments are cross-collateralized, multiple investments may be subject to the risk of loss. As a result, the Funds could lose interests in performing investments in the event such investments are cross-collateralized with poorly performing or non-performing investments. In addition, recourse debt, which the Funds reserve the right to obtain, may subject other assets of the Funds and the investors' investments to risk of loss.

Illiquidity. A material portion of a Fund's portfolio may consist of loans and other financial instruments that are not actively or widely traded. Mortgage/real estate-backed loans and asset backed securities are generally less liquid than are other securities (e.g., stocks or bonds).

Consequently, it may be relatively difficult for the Fund to dispose of such investments rapidly and at favorable prices in connection with withdrawal requests, adverse market developments or other factors. Illiquid assets may also be more difficult to value.

General Economic and Market Conditions. The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Funds' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the Funds' investments. Volatility or illiquidity could impair a Fund's profitability or result in losses.

Event Driven Strategy Risks. The Funds may invest in securities of companies that are involved in (or potentially involved in) significant strategic, operational, financial, legal and regulatory, structural, technical and other corporate events. Some Alden Funds focus on these types of catalyst situations, believing that they have the potential to either create or destroy significant value for a company, and at such times, the securities of such a company are often mispriced relative to the potential outcome of these events. Examples of such strategic events may include companies that are involved in (or the target of) acquisition attempts, mergers, tender or exchange offers, asset divestitures, spin-offs or split-offs, proxy contests or shareholder activist campaigns. In addition, operational catalysts may include companies undergoing significant change, such as senior management turnover, merger or acquisition integration or other significant business restructuring; financial catalysts could include recapitalizations, refinancings, liquidations or bankruptcy proceedings; legal and regulatory events may include commercial litigation or legislative and regulatory developments; and structural catalysts may involve restructuring of complex organizational or shareholder ownership structures. By employing fundamental or technical analysis (or a combination thereof), Alden anticipates profiting from movements in the prices of securities of such companies.

There is no assurance whatsoever that even if a Fund is able to hold a position indefinitely (which will not be the case), the positions it acquires will generate a profit. The "event-driven" strategy involves assessment, to varying degrees, of: (i) the likelihood that, and the timing within which, an event will occur or an event having been announced will, in fact, be consummated; (ii) the impact of the event (or lack of such event) on the company involved and the resulting valuations and trading prices of its securities; as well as (iii) how large an exposure to such event to acquire, when to do so, as well as how, whether and when to hedge such exposure. As a result, there can be no assurance that a Fund will profit from an event driven situation, even where the occurrence or consummation of a corporate catalyst is properly identified. Furthermore, if a Fund purchases securities in response to an announced event that is ultimately not consummated (or otherwise not successful), or in anticipation of the announcement of an event or catalyst that does not occur, the Fund may be required to sell the securities at a substantial loss. In addition, when securities are purchased in anticipation of a significant event catalyst, substantial time may elapse between the Fund's purchase of securities and the occurrence (if ever) of the event. In such cases, a portion of the Fund's assets may be committed during this period to the securities purchased, and the Fund may incur significant interest expense on the funds it borrowed (and other expenses) to purchase such securities.

The consummation of mergers, exchange offers, cash tender offers or other similar transactions can be prevented or delayed by a variety of factors. An exchange offer or a cash tender offer by one company for the securities of another will often be opposed by the management or shareholders of the "target" company on the grounds that the consideration offered is inadequate or for a variety of other reasons. Such opposition may result in litigation which may significantly delay or prevent consummation of the transaction. Such litigation may allege, among other things, that the offering materials supplied by the offeror contains inadequate, false or misleading disclosures, that the offeror has, by its activities in connection with the offer, violated federal and/or state securities or takeover laws, or that the proposed acquisition would violate federal antitrust laws, margin regulations or other

statutes or regulations. Even if the business terms and other relevant matters necessary to consummate the transaction have been agreed upon by the management of the companies involved, the consummation of such transaction may be prevented by: (i) the intervention of a government regulatory agency which might have regulatory power over the companies or the transaction, such as, in the case of a U.S. issuer, the SEC, the Antitrust Division of the U.S. Department of Justice or the U.S. Federal Trade Commission; (ii) litigation brought by a shareholder; (iii) in the case of a merger, the failure to receive the necessary shareholder approvals; (iv) market conditions resulting in material changes in securities prices; and (v) a number of other circumstances, including, but not limited to, the failure to meet certain conditions customarily specified in acquisition agreements. Offerors in tender or exchange offers customarily reserve the right to cancel such offers in the above and a variety of other circumstances, including due to an insufficient response from shareholders of the target company. Even if the defensive activities of a target company or the actions of regulatory authorities fail to defeat a transaction, such activities may cause significant delays, during which the Fund's capital will be committed to the transaction and interest charges on any funds borrowed, as well as other expenses, to finance the Fund's activities in connection with the transaction may be incurred.

An exchange offer or a cash tender offer may also be made for less than all of the outstanding securities of an issuer, with the provision that, if a greater number of securities is tendered, securities will be accepted on a *pro rata* basis. Thus, after the completion of the offer and at a time when the market price of the securities has declined below its cost, the Fund may have returned to it, and be forced to sell at a loss, a portion of the securities it tendered.

The catalyst event situations on which Alden focuses also may maintain "asymmetric" risk-reward profiles in that a Fund could incur substantially greater losses on failed transactions (or unsuccessful corporate events) than the gains it anticipates recognizing on consummated transactions (or successful corporate events). Examples include asset divestitures, debt refinancings and litigation or regulatory outcomes. Such event situations also carry their own unique set of risks as to the likelihood and timing of consummation, including (among other factors) evolving equity and credit market conditions; shareholder reaction; and legal, regulatory and other delays. Further, in any investment in an unstable political or economic environment, there exists the risk of default, bankruptcy and/or insolvency with respect to both debt and equity securities. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies or situations in which a Fund may invest, the Fund could lose its entire investment in such companies.

European Economic and Political Risks. There is often a high degree of government regulation in European economies, including in the securities markets. Action by such governments may directly affect foreign investment in securities in those countries and may also have a significant indirect effect on the market prices of securities and of the payment of dividends and interest. Changes in policy with regard to taxation, fiscal and monetary policies, repatriation of profits, and other economic regulations are possible, any of which could have an adverse affect on private investments. European countries have undergone a substantial political and social transformation and there can be no assurance that the economic, educational and political reforms necessary to complete political and economic transformation will continue. The state of development of certain political systems in Europe makes them susceptible to changes and potential weakening from economic hardship and social instability. In certain European countries, the extent of the success of economic reform is difficult to evaluate. Information on these economies is often contradictory or absent.

The Economies of European Countries are Interrelated; Risks of Contagion. The economies of the countries in Europe are, to varying degrees, interrelated and are influenced by the prevailing political, economic and market conditions in the region. Although political and economic conditions may differ in each country, investors' reactions to developments in one country can have an effect on the economies of other countries, both directly and indirectly. Accordingly, adverse developments in

Greece as well as other countries, particularly those in Europe, could adversely affect a Fund's investments.

Government Intervention in the Credit Markets. Various central banks have recently taken unprecedented steps in an effort to resolve the recent "credit crisis." It is impossible to predict if, how, and to what extent the European Union ("EU") or other central banks in other applicable jurisdictions may further intervene in the credit markets. Such intervention is prompted by politically sensitive issues involving family homes, student loans, real estate speculation, credit card receivables, etc., and may, as a result, be contrary to what Alden would predict from an "economically rational" perspective.

Uncertainty with respect to the Eurozone. As a result of the credit crisis in Europe, in particular in Greece, Italy, Ireland, Portugal and Spain, the European Commission created the European Financial Stability Facility (the "EFSF") and the European Financial Stability Mechanism (the "EFSM") to provide funding to Eurozone countries in financial difficulty that seek such support. In March 2011, the European Council agreed on the need for Eurozone countries to establish a permanent stability mechanism, the European Stability Mechanism (the "ESM"), which will be activated by mutual agreement, to assume the role of the EFSF and the EFSM in providing external financial assistance to Eurozone countries as of June 2013. Despite these measures, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, or, in more extreme circumstances, the dissolution of the euro entirely. Should there be a reintroduction of individual currencies in one or more Member States or should the euro dissolve entirely, the legal and contractual consequences for euro-denominated obligations and investments are uncertain and would be determined by laws in effect at such time. Further, an obligation or investment previously denominated in euro could be worth significantly less if redenominated into an individual currency where such currency devalues against other currencies. Capital or exchange controls might also be imposed which could result in difficulty in transferring funds in certain currencies which could adversely affect investments or obligations previously denominated in euro. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Funds and could have adverse consequences for any investments or obligations that are euro-denominated.

C. Risks Associated With Particular Types of Securities.

Debt Instruments Generally. A Fund may invest in private and government debt securities and instruments. It is likely that many of the debt instruments in which the Fund invests may be unrated, and whether or not rated, the debt instruments may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for most of these instruments and may have an adverse impact on the value of such instruments. It is also likely that any such economic downturn could adversely affect the ability of the issuers of such instruments to repay principal and pay interest thereon and increase the incidence of default for such instruments.

Non-Performing Nature of Debt. It is anticipated that certain debt instruments purchased by Alden for a Fund will be non-performing and possibly in default. In addition, these positions are expected to be non-control positions in such debt and the Fund will be dependent on actions of unrelated third parties. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation.

There can be no assurance as to the amount and timing of payments, if any, with respect to these loans.

Contingent Liabilities. From time to time, a Fund may incur contingent liabilities in connection with an investment. For example, the Fund may purchase from a lender a revolving credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the Fund would be obligated to fund the amounts due. A Fund may also enter into agreements pursuant to which it agrees to assume responsibility for default risk presented by a third party, and may, on the other hand, enter into agreements through which third parties offer default protection to the Fund.

Purchases of Securities and other Obligations of Financially Distressed Companies. Some Funds intend to invest in obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These obligations are likely to be particularly risky investments, although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate, recharacterize debt as equity or disenfranchise particular claims. Such companies' obligations may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to a Fund's investments in any asset, and a significant portion of the obligations in which the Fund invests may be less than investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that value of the assets collateralizing the Fund's investments will be sufficient or that prospects for a successful reorganization or similar action will become available. In any reorganization or liquidation proceeding relating to a company in which a Fund invests, the Fund may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Fund's investments may not compensate investors adequately for the risks assumed. In addition, under certain circumstances, payments and distributions may be disgorged if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Fund of the security in respect to which such distribution was made.

In certain transactions, a Fund may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

Global Investments. The Funds may invest all or a portion of their portfolio in financial instruments of issuers located outside of the United States (which may include emerging, developing or under-developed countries). In addition to business uncertainties, such investments may be affected by political, social and economic uncertainty affecting a country or region. Many financial markets are not as developed or as efficient as those in the United States, and as a result, liquidity may be reduced and price volatility may be higher. The legal and regulatory environment may also be different,

particularly as to bankruptcy and reorganization. Financial accounting standards and practices may differ, and there may be less publicly available information in respect of such non-U.S. issuers.

Furthermore, some of the financial instruments may be subject to brokerage taxes levied by governments, which has the effect of increasing the cost of such investments and reducing the realized gain or increasing the realized loss on such securities at the time of sale. Income received by the Funds from sources within some countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes paid by the Funds will reduce their net income or return from such investments.

In addition, all or a portion of a Fund's investments may take place in emerging markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or markets. Such risks may include (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalization of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realization of investments, repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the markets; (xii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of the Fund's financial instruments with non-U.S. brokers and securities depositories.

Investment in Fixed-Income Securities—Generally. A Fund may invest in fixed-income securities. The value of fixed-income securities changes in response to fluctuations in interest rates. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed-income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed-income securities generally can be expected to decline.

A Fund may invest in zero coupon bonds and deferred interest bonds, which are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

High Yield Securities. A Fund may invest in high-yield securities. Such securities are generally not exchange-traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange traded marketplace. In addition, the Funds may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of

financing. It is possible that a major economic recession could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

Bankruptcy Claims. The Funds may invest in bankruptcy claims, which are amounts owed to creditors of companies in financial difficulty. Bankruptcy claims are illiquid and generally do not pay interest and there can be no guarantee that the debtor will ever be able to satisfy the obligation on the bankruptcy claim. The markets in bankruptcy claims are not generally regulated by Federal securities laws or the SEC. Because bankruptcy claims are frequently unsecured, holders of such claims may have a lower priority in terms of payment than certain other creditors in a bankruptcy proceeding. In addition, under certain circumstances, payments and distributions may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

Risks Associated with Bankruptcy Cases. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions, which may be contrary to the interests of a Fund. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Fund; it is subject to unpredictable and lengthy delays; and during the process, the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. The debt of companies in financial reorganization will, in most cases, not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Fund's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

Alden, on behalf of a Fund or Funds, may elect to serve on creditors' committees, equity holders' committees or other groups to ensure preservation or enhancement of a Fund's positions as a creditor or equity holder. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If Alden concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to a Fund, it may resign from that committee or group, and in such case the Fund may not realize the benefits, if any, of participation on the committee or group. In addition, and also as discussed above, if a Fund is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of or increasing its investments in such company while it continues to be represented on such committee or group.

The Funds may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

Reorganizations can be contentious and adversarial. It is by no means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. Alden anticipates that during the term of the Funds, Alden, the Fund, and perhaps certain investors may be named as defendants in civil proceedings. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Fund and would reduce net assets or could require investors to return to the Fund distributed capital and earnings.

Equitable Subordination. Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called “equitable subordination”). The Funds do not intend to engage in conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine; however, because of the nature of the debt obligations, a Fund may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the issuer should be equitably subordinated.

Bank Loans. A Fund’s investment program may include secondary market investments in significant amounts of bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors’ rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Fund to directly enforce its rights with respect to participations. In analyzing each bank loan or participation, Alden compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Fund.

FCC Attribution Risk. The U.S. Federal Communications Commission (the “FCC”) has promulgated a number of rules that restrict the ability of an entity to hold multiple or cross-interests in various communications companies. These rules affect investments in areas such as television and radio broadcasting, wireless cable, local multipoint distribution service, local exchange service, cable television, newspapers, as well as wireless and mobile communications services. The Funds may invest in these areas. The Funds’ Partnership Agreements will contain (or may be amended to contain without seeking limited partner consent) provisions designed to ensure, to the extent possible, that Limited Partners are not deemed to hold an “attributable ownership interest” (as defined by the rules and policies of the FCC) in any portfolio company subject to the FCC rules and regulations that determine the attributable status of limited partners based upon compliance with FCC criteria designed to insulate limited partners from any material involvement, direct or indirect, in the management or operation of the media or common carrier activities of the Fund. Such provisions will generally preclude investors from engaging in any activities with respect to the Fund or any such portfolio company that would be deemed inconsistent with such FCC rules, regulations and policies regarding the “insulation” of limited partners. In order to insulate limited partners from any such material involvement, the Partnership Agreement (as well as the limited partnership agreement of the Master Fund (as the same may be amended from time to time, the “Master Fund Partnership Agreement”)) will also preclude Limited Partners from removing the General Partner.

Regulatory Risk. The value of the assets in which the Funds invest may also be affected by changes in the market’s perception, or by changes in government regulations, tax policies and laws (relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the power of a court, receiver or liquidator to disallow, reduce, subordinate or disenfranchise

particular claims). The value of a Fund's assets could be negatively affected by adverse regulatory developments.

Risks Associated with CMBS. The Funds may invest in CMBS and other mortgage-backed securities, including subordinated tranches of such securities. The value of CMBS will be influenced by factors affecting the value of the underlying real estate portfolio, and by the terms and payment histories of such CMBS.

Mortgage loans on commercial properties underlying CMBS often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity and repayment of the loan principal, and thus, often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value and salability of the real estate. Therefore, the unavailability of real estate financing may lead to default.

Some or all of the CMBS contemplated to be acquired by the Funds may not be rated, or may be rated lower than investment-grade securities, by one or more nationally recognized statistical rating organizations. Lower-rated or unrated CMBS, or "B-pieces," in which the Funds may invest have speculative characteristics and can involve substantial financial risks as a result. The prices of lower credit quality securities have been found to be less sensitive to interest rate changes than more highly rated investments, but more sensitive to adverse economic or real estate market conditions or individual issuer concerns. Securities rated lower than "B" by the rating organizations can be regarded as having extremely poor prospects of ever attaining any real investment standing and may be in default. Existing credit support and the owner's equity in the property may be insufficient to protect the Fund from loss. As an investor in subordinated CMBS in particular, the Fund will be first in line among debt holders to bear the risk of loss from delinquencies and defaults experienced on the collateral.

Many mortgage loans underlying CMBS are effectively nonrecourse obligations of the borrower, meaning that there is no recourse against the borrower's assets other than the collateral. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related CMBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of CMBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property. Foreclosure can be costly and delayed by litigation and/or bankruptcy. Factors such as the property's location, the legal status of title to the property, its physical condition and financial performance, environmental risks, and governmental disclosure requirements with respect to the condition of the property may make a third party unwilling to purchase the property at a foreclosure sale or to pay a price sufficient to satisfy the obligations with respect to the related CMBS. Revenues from the assets underlying such CMBS may be retained by the borrower and the return on investment may be used to make payments to others, maintain insurance coverage, pay taxes or pay maintenance costs. Such diverted revenue is generally not recoverable without a court appointed receiver to control collateral cash flow.

The Funds may acquire subordinated tranches of CMBS issuances. In general, subordinated tranches of CMBS are entitled to receive repayment of principal only after all principal payments have been made on more senior tranches and also have subordinated rights as to receipt of interest distributions. Such subordinated tranches are subject to a greater risk of nonpayment than are senior tranches of CMBS or CMBS backed by third-party credit enhancement. In addition, an active secondary market for such subordinated securities is not as well developed as the market for certain other mortgage-backed securities. Accordingly, such subordinated CMBS may have limited marketability and there can be no assurance that a more efficient secondary market will develop.

The value of CMBS and other mortgage-backed securities in which the Funds may invest generally will have an inverse relationship with interest rates. Accordingly, if interest rates rise, the value of such securities will decline. In addition, to the extent that the mortgage loans which underlie specific mortgage-backed securities are prepayable, the value of such mortgage securities may be negatively affected by increasing prepayments, which generally occur when interest rates decline. Typically, commercial mortgage loans are not prepayable or are subject to prepayment penalties or interest rate adjustments, while the principal on most residential mortgage loans generally may be prepaid at any time without penalty.

Mortgage-Backed Securities (“MBS”) and Asset-Backed Securities (“ABS”)—Prepayment Risk. The frequency at which prepayments (including voluntary prepayments by the obligors and liquidations due to defaults and foreclosures) occur on loans underlying MBS and ABS will be affected by a variety of factors including the prevailing level of interest rates as well as economic, demographic, tax, social, legal and other factors. Generally, mortgage obligors tend to prepay their mortgages when prevailing mortgage rates fall below the interest rates on their mortgage loans. Although ABS are generally less likely to experience substantial prepayments than are MBS, certain of the factors that affect the rate of prepayments on MBS also affect the rate of prepayments on ABS. However, during any particular period, the predominant factors affecting prepayment rates on MBS and ABS may be different.

In general, “premium” securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and “discount” securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many MBS and ABS will be discount securities when interest rates are high, and will be premium securities when interest rates are low, these MBS and ABS may be adversely affected by changes in prepayments in any interest rate environment.

The adverse effects of prepayments may impact a Fund’s portfolio in two ways. First, particular investments may experience outright losses, as in the case of an interest-only security in an environment of faster actual or anticipated prepayments. Second, particular investments may underperform relative to hedges that Alden may have constructed for these investments, resulting in a loss to the Fund’s overall portfolio. In particular, prepayments (at par) may limit the potential upside of many MBS and ABS to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

MBS and ABS—Credit Support Limitations. The amount, type and nature of insurance policies, subordination, letters of credit and other credit support, if any, with respect to certain ABS and MBS are based upon actuarial analysis and therefore are inherently limited in their ability to predict events to take place in the future. There can also be no assurance that data derived from a large pool of mortgage loans accurately predicts the delinquency, foreclosure or loss experience of any particular pool of loans.

ABS. ABS present certain risks that are not presented by MBS. Primarily, these financial instruments do not have the benefit of the same security interest in the related collateral. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed

collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor.

The collateral supporting ABS is of shorter maturity than mortgage loans and is less likely to experience substantial prepayments. As with MBS, ABS are often backed by a pool of assets representing the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

"Widening" Risk. For reasons not necessarily attributable to any of the risks enumerated above (for example, supply/demand imbalances or other market forces), the prices of the securities in which the Funds invest may decline substantially. In particular, purchasing assets at what may appear to be "undervalued" levels is no guarantee that these assets will not be trading at even more "undervalued" levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such "spread widening" risk.

Credit Default Swaps. The Funds may enter into credit derivative contracts such as credit default swap ("CDS"), loan credit default swap ("LCDS"), credit default swap index ("CDX") and loan credit default swap index ("LCDX") contracts. The typical CDS and LCDS contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities or loans issued by the reference entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic and/or upfront payments equal to a fixed percentage of the notional amount of the contract. A Fund may also purchase or sell credit default swaps on a basket of reference entities or an index that is CDX and LCDX contracts. In circumstances in which the Fund does not own the debt or loans that are deliverable under a credit default swap, the Fund will be exposed to the risk that deliverable securities or loans will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called "short squeeze." In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a "credit event" triggering the seller's payment obligation had occurred. In either of these cases, the Fund would not be able to realize the full value of the credit default swap upon a default by the reference entity. As a seller of credit default swaps, the Fund incurs leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities or loans issued by the reference entity. However, the Fund will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity's debt obligations. In addition, the credit default swap buyer will have broad discretion to select which of the reference entity's debt obligations to deliver to the Fund following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the Fund. Given the recent sharp increases in volume of credit derivatives trading in the market, settlement of such contracts may also be delayed beyond the time frame originally anticipated by counterparties. Such delays may adversely impact the Fund's ability to otherwise productively deploy any capital that is committed with respect to such contracts.

Interest Rate Risk. The value of the fixed rate securities in which the Fund may invest generally will have an inverse relationship with interest rates. Accordingly, if interest rates rise the value of such securities may decline. In addition, to the extent that the receivables or loans underlying specific securities are prepayable without penalty or premium, the value of such securities may be negatively affected by increasing prepayments, which generally occur when interest rates decline.

Troubled Origination. The investments chosen by Alden may have been originated by financial institutions or other entities that are insolvent, in serious financial difficulty, or no longer in existence. As a result, the standards by which such investments were originated, the recourse to the selling

institution, or the standards by which such investments are being serviced or operated may be adversely affected.

Derivative Instruments. The Funds use derivative financial instruments, including without limitation, futures, swaps, options and total return swaps, primarily for leveraging and hedging purposes. The use of derivative instruments involves a variety of material risks, including the high degree of leverage often embedded in such instruments and the possibility of counterparty non performance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative (*i.e.*, nonconformance to anticipated or historical correlation patterns). In addition, the markets for certain derivatives are frequently characterized by limited liquidity, which can make it difficult as well as costly to the Fund to close out positions in order either to realize gains or to limit losses. A Fund will hedge, or not, at Alden's discretion. Even when it does hedge, the success of these strategies is limited for the reasons set forth below. In fact, hedging may expose the Fund to additional risk.

Many of the derivatives which the Funds trade will be principal to principal or OTC contracts between the Fund and third parties entered into privately, rather than on an exchange. As a result, the Fund is not afforded the regulatory and financial protections of an exchange or its clearinghouse (or of the government regulator that oversees such exchange and clearinghouse). In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices. While the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") is intended to bring more stability and lower counterparty risk to derivatives market by requiring exchange clearing of derivatives trades, not all of the Fund's trades will be subject to the clearing requirements because they are bespoke. Furthermore, it is yet to be seen whether Dodd-Frank will be effective in reducing counterparty risk or if such risk may actually increase as a result of market uncertainty, mutuality of loss to clearinghouse members, or other reasons.

Trading in Options and Swap Agreements. A Fund may trade in options and swap agreements. The prices of all derivative instruments, including options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of options and swap agreements also depends upon the price of the debt securities or commodities underlying them. In addition, the Fund is subject to the risk of the failure of any of the exchanges on which it trades or of their clearinghouses.

Options may be cash settled, settled by physical delivery or by entering into a closing purchase transaction. In entering into a closing purchase transaction, the Fund may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including the risks relating to the financial soundness and creditworthiness of the swap counterparty. The Fund does not have any fixed credit-rating requirements for the counterparties in which it may engage in swaps.

Over-the-Counter Derivatives. Dodd-Frank, enacted in July 2010, includes provisions that comprehensively regulate the OTC derivatives markets for the first time. Dodd-Frank will ultimately mandate that a substantial portion of OTC derivatives must be executed in regulated markets and be submitted for clearing to regulated clearinghouses. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible SEC- or CFTC-mandated margin requirements. OTC derivatives dealers typically demand

the unilateral ability to increase the Fund's collateral requirements for cleared OTC trades beyond any regulatory and clearinghouse minimums. The regulators also have proposed, and in the future will impose, margin requirements on non-cleared OTC derivatives and new requirements apply to the holding of customer collateral by OTC derivatives dealers. These requirements may increase the amount of collateral the Fund is required to provide and the costs associated with providing it. OTC derivative dealers also are required to post margin to the clearinghouses through which they clear their customers' trades instead of using such margin in their operations, as was widely permitted before Dodd-Frank. These changes have and will continue to increase the OTC derivative dealers' costs, and these increased costs are generally passed through to other market participants in the form of higher upfront and mark-to-market margin, less favorable trade pricing, and the imposition of new or increased fees, including clearing account maintenance fees.

With respect to cleared OTC derivatives, the Fund will not face a clearinghouse directly but rather through an OTC derivatives dealer that is registered with the CFTC or SEC to act as a clearing member. The Fund may face the indirect risk of the failure of another clearing member customer to meet its obligations to its clearing member. Such scenario could arise due to a default by the clearing member on its obligations to the clearinghouse, triggered by a customer's failure to meet its obligations to the clearing member.

The SEC and CFTC will also require a substantial portion of derivative transactions that are currently executed on a bi-lateral basis in the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. Certain CFTC-regulated derivatives trades are currently subject to these rules and others are expected to be in the near future. It is not yet clear when the parallel SEC requirements will go into effect. Such requirements may make it more difficult and costly for investment funds, including the Funds, to enter into highly tailored or customized transactions. They may also render certain strategies in which a Fund might otherwise engage impossible or so costly that they will no longer be economical to implement. If the Fund decides to become a direct member of one or more of these exchanges or execution facilities, the Fund would be subject to all of the rules of the exchange or execution facility, which would bring additional risks and liabilities, and potential additional regulatory requirements.

OTC derivative dealers are now required to register with the CFTC and will ultimately be required to register with the SEC. Dealers are subject to new minimum capital and margin requirements, business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These requirements further increase the overall costs for OTC derivative dealers, which costs may be passed along to market participants as market changes continue to be implemented. The overall impact of Dodd-Frank on the Funds remains highly uncertain and it is unclear how the OTC derivatives markets will adapt to this new regulatory regime, along with additional, sometimes overlapping, regulatory requirements imposed by non-U.S. regulators.

Forward Trading. The Funds may trade deliverable forward contracts in the inter-bank currency market. Such deliverable forward contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. As a result of Dodd-Frank, the CFTC now regulates non-deliverable forwards (including deliverable forwards where the parties do not take delivery). Changes in the forward markets may entail increased costs and result in burdensome reporting requirements. There is currently no limitation on the daily price movements of forward contracts. Principals in the forward markets have no obligation to continue to make markets in the forward contracts traded. The imposition of credit controls by governmental authorities or the implementation of regulations pursuant to Dodd-Frank might limit such forward trading to less than that which Alden would otherwise recommend, to the possible detriment of the Funds.

Currency and Exchange Rate Risks. The Funds may invest in financial instruments denominated in currencies other than the U.S. Dollar or in financial instruments which are determined with references

to currencies other than the U.S. Dollar. The Funds, however, will generally value their assets in U.S. Dollars. To the extent unhedged, the value of the Funds' assets will fluctuate with U.S. Dollar exchange rates as well as with price changes of their investments in the various local markets and currencies. Thus, an increase in the value of the U.S. Dollar compared to the other currencies in which a Fund may make investments will reduce the effect of increases and magnify the U.S. Dollar equivalent of the effect of decreases in the prices of the Fund's financial instruments in their local markets. Conversely, a decrease in the value of the U.S. Dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Fund's non-U.S. Dollar financial instruments. The Funds may also utilize forward currency contracts and options to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Non-U.S. Exchanges. The Funds may trade on exchanges or markets located outside the U.S. Trading on such exchanges or markets is not regulated by the SEC and CFTC and may, therefore be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments in non-U.S. securities, futures, commodities and other financial instruments may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees.

Short Selling. Short selling involves selling securities which may or may not be owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which a Fund engages in short sales will depend upon Alden's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. There can be no assurance that the Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Fund can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

In September 2008, the SEC and other securities regulators in a number of countries imposed bans on the short-selling of financial sector securities. These limitations typically were imposed on an "emergency" basis, making it impossible for numerous market participants to initiate new net short strategies in those securities. Short-selling constitutes an integral component of a number of investment strategies, and a variety of alternative investment vehicles that engage in short-selling suffered material losses as a direct consequence of these regulatory actions. The SEC has subsequently adopted a new uptick rule and its impact on those strategies is as of yet unclear. Any continued or additional regulatory limitations could materially adversely affect the Fund's ability to implement its strategies.

Trading and Investing Vehicles. The Funds may effect certain investments through limited partnerships, limited liability companies, corporations or other vehicles sponsored or managed by the Fund or third parties. Such investments may be effected through the purchase of debt, warrants or other investments of issuers, the equity of which is owned by the Fund. A creditor having a claim that relates to a particular investment held by any such vehicle may be able to satisfy such claim against all assets of such vehicle, without regard to the participation rights of the Fund and other investors of such vehicle in the assets of such vehicle.

Co-Investments with Third Parties. The Funds may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party

involvement, including the possibility that a third-party co-venturer may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals that are inconsistent with those of the Fund, or may be in a position to take (or block) action in a manner contrary to the Fund's investment objective. In those circumstances where such third parties involve a management group, such third parties may enter into compensation arrangements relating to such investments, including incentive compensation arrangements. Such compensation arrangements will reduce the returns to participants in the investments and create potential conflicts of interest between such parties and the Fund.

ASC 820 – Fair Value Measurements and Disclosures (originally issued as FAS 157): Potential GAAP vs. Valuation Policy Reporting Difference. The Funds' assets and liabilities are valued in accordance with the valuation policies set forth in the Partnership Agreement and the Master Fund Partnership Agreement, respectively. However, for purposes of preparing the Funds' annual audited financial statements, which are prepared in accordance with GAAP, certain of the Funds' assets and liabilities may be valued in a manner that, while consistent with GAAP, is different from the manner in which such assets are valued pursuant to the Partnership Agreement or the Master Fund Partnership Agreement, as applicable.

Specifically, for purposes of GAAP-compliant financial reporting, the Funds are required to follow a specific framework for measuring the fair value of its assets and liabilities, and are required to provide certain additional disclosures regarding the use of fair value measurements in their audited financial statements. FASB ASC 820 defines and establishes a framework for measuring fair value under GAAP and expands financial statement disclosure requirements relating to fair value measurements. Other valuation-related requirements are contained in other provisions of GAAP, and sections of the codification. Additional FASB Accounting Codification Standards and updates and additional provisions of GAAP, that may be adopted in the future may also impose additional, or different, specific requirements as to the valuation of assets and liabilities for purposes of GAAP-compliant financial reporting.

Accordingly, to the extent that GAAP would require any of the Funds' assets or liabilities to be valued in a manner that differs from the valuation policies set forth in the Partnership Agreement and the Master Fund Partnership Agreement, such assets or liabilities will be valued (x) in accordance with GAAP, solely for purposes of preparing the Funds' GAAP-compliant annual audited financial statements, and (y) in accordance with the valuation policies set forth in the Partnership Agreement and the Master Fund Partnership Agreement (without regard to any GAAP requirements relating to the determination of fair value), for all other purposes, including, without limitation, for purposes of allocating gains and losses among the investors, which, as described in this Memorandum, is relevant to, among others, the calculation of the Management Fee and the Performance Allocation and the amounts payable by the Fund in respect of a withdrawal by or distribution to an investor.

Generally, ASC 820 and other accounting rules applicable to investment funds and various assets they invest in are evolving. Such changes may adversely affect the Funds. For example, the evolution of rules governing the determination of the fair market value of assets to the extent such rules become more stringent would tend to increase the cost and/or reduce the availability of third-party determinations of fair market value. This may in turn increase the costs associated with selling assets or affect their liquidity due to inability to obtain a third-party determination of fair market value.

Systemic Risk. Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Funds interact on a daily basis.

Volatility Risk. The Funds' investment program may involve the purchase and sale of relatively volatile instruments such as derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of underlying financial instruments. Fluctuations or prolonged changes in the volatility of such instruments, therefore, can adversely affect the value of investments held by the Funds. In addition, many non-U.S. financial markets are not as developed or as efficient as those in the U.S., and as a result, price volatility may be higher for the Funds' investments. Consequently, and also as a result of its investment program, the Funds' performance may be volatile.

Competition; Availability of Investments. The markets in which the Funds may invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that Alden will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles, the public equity markets and other investors may reduce the availability of investment opportunities. Competitive investment activity by other firms and institutions will reduce the Funds' opportunity for profit by generally increasing price pressure on desired assets, reducing mispricings in the market as well as the margins available on those mispricings that can still be identified.

Equity Securities. The Funds may invest in equity and equity-related securities of U.S. companies. Equity securities fluctuate in value in response to many factors, including the activities, results of operations and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments. In addition, events such as domestic and international political instability, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the Funds.

Fraud. Of paramount concern in loan investments is the possibility of material misrepresentation or omission on the part of the borrower or loan seller. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of a Fund to perfect or effectuate a lien on the collateral securing the loan. The Funds will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to a Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Uncertain Exit Strategies. Due to the illiquid nature of certain of the positions which the Funds are expected to acquire, as well as the uncertainties of the reorganization and active management process, Alden is unable to predict with confidence what the exit strategy will ultimately be for any given investment, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

Real Estate-Related Securities in General. Real estate-related securities, including investments in REITs, are susceptible to the risks associated with direct ownership of real estate, including, without limitation, declines in property values; increases in property taxes, operating expenses, interest rates or competition; risks related to general and local economic conditions; eminent domain; fluctuations in rental income; and losses from casualty.

The yields available from investments in real estate-related securities depend on the amount of income and capital appreciation generated by the underlying properties. If the properties do not generate sufficient income to meet operating expenses, the income and ability of the real estate company to make payments of any interest and principal on its debt securities will be adversely affected. In addition, real property may be subject to the quality of credit extended and defaults by

borrowers. Furthermore, real estate investments are relatively illiquid and, therefore, the ability of real estate companies to vary their portfolios promptly in response to changes in economic or other conditions is limited. A real estate company may also have joint venture investments in certain of its properties, and consequently, its ability to control decisions relating to such properties may be limited. Real property investments are also subject to risks which are specific to the investment sector or type of property in which the real estate companies are investing.

Investments in REITs. A Fund may invest in one or more REITs. At the close of each quarter, at least 75% of the value of the assets of a qualifying REIT must be in “real estate assets” (including interests in real property, mortgages on real property and mortgage-related securities and shares in other REITs), cash, cash items (including receivables) and government securities. REITs are subject to inherent risks associated with such investments. Those risks include, among other things: declines in value of real estate, adverse changes in national economic conditions, changes in interest rates, adverse changes in local market conditions due to changes in general or local economic conditions and neighborhood characteristics, competition from other companies, changes in the availability, cost and terms of financing, including long-term financing, risks of the creditworthiness of borrowers and potential defaults, delinquencies or foreclosures, risks associated with significant leverage or debt, risks of subordinate investment positions and investments in non-investment grade rated loans or securities, prepayment risks, hedging risks, risks of changes in credit spreads, the impact of present or future environmental legislation and compliance with environmental laws, environmental remediation or liability costs, obsolescence of property, overbuilding, extended vacancies of properties, changes in operating expenses, adverse changes in governmental rules and fiscal policies, dependency on external management skills, the relative illiquidity of real estate investments, civil unrest, acts of God, including earthquakes and other natural disasters (which may result in uninsured losses), acts of war or terrorism, casualty or condemnation losses, and other factors which are beyond the control of a REIT. REITs also tend to be small to medium-sized companies in relation to the equity markets as a whole.

To qualify as a REIT under federal tax law, a REIT must satisfy various organizational, income, asset, distribution and record keeping requirements. The laws and rules that govern REIT qualification can be very complex and technical. If those laws and rules are followed, a REIT is permitted to deduct the dividends paid to its shareholders, thereby eliminating much of the REIT’s federal income tax obligations. If a REIT should fail to remain qualified as a REIT, such REIT’s dividends will not be deductible and it will be subject to corporate level income taxation. Unless entitled to relief under specific statutory provisions, the REIT also would be disqualified from reelecting taxation as a REIT for the four taxable years following the year during which REIT qualification was lost. This could substantially reduce the REIT’s cash available to make distributions.

A REIT is generally required to distribute at least 90% of its taxable REIT income each year in order to maintain its REIT status for federal income tax purposes. Because of this distribution requirement, REITs generally are not able to fund future capital needs from operating cash flow and REITs typically rely on third party investments, often in the form of loans, to provide capital for growth. As a result, REITs may be highly leveraged. REITs may also be subject to financial covenants that restrict their methods of financing or subject them to oversight and control by their lenders. The risks associated with acquiring the securities of such issuers generally is greater than is the case with more highly rated securities. For example, during an economic downturn or a sustained period of rising interest rates (or a period of a flattening or steepening of the yield curve), REITs may be more likely to experience financial stress, especially if such issuers are highly leveraged. During such periods, timely service of debt obligations may also be adversely affected by specific issuer developments or the unavailability of additional financing.

Compliance with Real Estate Laws. In many jurisdictions in which a Fund may invest, the laws relating to real estate lending, management and/or ownership may be complex or unclear. Non-

compliance by the Fund with one or more such laws—even if inadvertent—may result in fines or other penalties.

Risk of a Further Decline in Value of Real Estate Collateral. The value of the real estate that underlies mortgage loans is subject to market conditions. Changes in the real estate market may adversely affect the value of the collateral and thereby lower the value to be derived from a liquidation. In addition, adverse changes in the real estate market increase the probability of default, as the incentive of the borrower to retain equity in the property declines. Properties securing loans in which the Fund has an indirect interest may suffer varying degrees of financial distress or may be located in economically distressed areas.

Foreclosure and Taking Title to Real Property. Alden's ability to promptly foreclose upon defaulted loans and operate the underlying real property and sell the interest therein obtained upon foreclosure, and the costs and expenses incurred in undertaking such foreclosures, including real estate transfer and recording taxes, is a material factor in the expected return on those investments.

If Alden forecloses on an asset, the Fund may take title to the property securing that asset, and if Alden does not or cannot sell the property, the Fund would then come to own and operate it as "real estate owned." Owning and operating real property involves risks that are different (and in some ways more significant) than the risks faced in owning an asset secured by that property. In addition, the Fund may end up owning a property that Alden would not otherwise have decided to acquire directly at the price of the Fund's original investment or at all.

Potential Environmental Liability. If Alden forecloses on the commercial real estate collateral underlying the securities in which it invests, it may become subject to significant liability under various laws and regulations. For example, an owner of or lender with respect to real property may have significant liability for any contamination found on such property including being liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefore as to any property may not be limited under such laws and could exceed the value of the property and/ or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow using such property as collateral and may have a significant adverse effect on the value and returns from such property.

Insurance Considerations. Certain of the real estate companies in which a Fund may invest may, in connection with the issuance of securities, have disclosed that they carry comprehensive liability, fire, flood, terrorism, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. However, such insurance is not uniform among real estate companies. Moreover, there are certain types of extraordinary losses that may be uninsurable, or not economically insurable. Should any type of uninsured loss occur, a real estate company could lose its investment in, and anticipated profits and cash flows from, a number of properties which, as a result, would adversely impact the real estate company's ability to pay, and as a result the Fund's investment performance.

Net Operating Income and Property Value. The repayment of a loan is typically dependent upon the ability of the applicable property to produce cash flow. Even the liquidation value of a multifamily, manufactured housing community or commercial property is determined, in substantial part, by the amount of the property's cash flow (or its potential to generate cash flow). However, net operating income and cash flow can be volatile and may be insufficient to cover debt service on the loan at any given time.

Property value may be adversely affected even when current net operating income is not. Various factors may affect the value of properties without affecting their current net operating income, including, without limitation, changes in the local, regional or national economy; changes in interest rates; the availability of refinancing sources; changes in governmental regulations, licensing or fiscal policy; changes in zoning or tax laws; potential environmental or other legal liabilities; proximity and attractiveness of, and construction of, competing properties; convertibility of a property to an alternative use; and any increases in operating costs or capital expenditures needed to maintain the properties or make improvements.

Risks Associated with Tenants. The borrowers under loans generally rely on periodic lease or rental payments or guest fees from tenants to pay for maintenance and other operating expenses of the building, fund capital improvements and service the related obligation and any other debt or obligations it may have outstanding. There can be no guarantee that tenants will renew leases upon expiration or that they will continue operations throughout the term of their leases. Additionally, certain properties may have month-to-month tenants. Such leases do not provide the same stability as longer-term leases. A decline in the real estate market or in the financial condition of a major tenant will tend to have a more immediate effect on the net operating income of properties with short-term revenue sources, such as short-term or month-to-month leases, and may lead to higher rates of delinquency or defaults.

The income of borrowers would be adversely affected if tenants were unable to pay rent or if space was unable to be rented on favorable terms or at all. For example, if any borrower were to re-let or renew the existing leases for a significant amount of space at rental rates significantly lower than expected rates, then such borrower's funds from operations may be adversely affected. Changes in payment patterns by tenants may result from a variety of social, legal and economic factors, including, without limitation, the rate of inflation and unemployment levels and may be reflected in the rental rates offered for comparable space. In addition, upon re-letting or renewing existing leases, the borrower will likely be required to pay leasing commissions and tenant improvement costs, which may adversely affect cash flow from the mortgaged property. Where existing leases at properties expire during the terms of the related loans and there can be no assurance that such leases will be renewed or that, if renewed, the terms would be similar to or more favorable than the terms of the prior lease.

To the extent significant tenant leases expire near or on the maturity date (or extended maturity date), if applicable, it would be more difficult for the related borrower to refinance or sell the related mortgaged property in order to make the required balloon payment. There can be no assurances whether, or to what extent, economic, legal or social factors will affect future repayment patterns. In addition, tenants may have lease termination options prior to the related maturity date (or in the case of certain government tenants, may have the right to cancel their leases at any time due to lack of appropriations or otherwise). For example, tenants at retail properties may have the right to terminate their leases or pay less rent if certain major tenants at the mortgaged property are not open and operating, if a certain percentage of certain of the smaller retailers at the mortgaged property are not open for business, or if their sales at the property do not reach a specified level.

If a mortgaged property has multiple tenants, re-leasing costs and costs of enforcing remedies against defaulting tenants may be more frequent than in the case of mortgaged properties with fewer tenants, thereby reducing the cash flow available for debt service payments. These costs may cause a borrower to default in its obligations to a lender. Multi-tenanted mortgaged properties also may experience higher continuing vacancy rates and greater volatility in rental income and expenses. There can be no assurance that any vacated space can be re-let at favorable rents or at all. Any failure to promptly re-let such space could have an adverse effect on the related borrower's ability to meet its debt service obligations, including payment of the loan balance at maturity. Even if vacated space is successfully relet, the costs associated with reletting, including tenant improvements and leasing commissions, could be substantial and could reduce cash flow from the related mortgaged properties.

Management of Real Property. The successful operation of a real estate project depends upon the property manager's performance and viability. A property manager may not be in a financial condition to fulfill its management responsibilities throughout the terms of their respective management agreements. Further, certain individuals involved in the management or general business development at certain mortgaged properties may engage in unlawful activities or otherwise exhibit poor business judgment that adversely affect operations and ultimately cash flow at such properties. Management of those entities may decide to change the nature or strategy of their business, or management may otherwise change in a manner that is not satisfactory to the Fund. Alden has no ability to affect these management decisions and may have only limited ability to dispose of its related investments, which could materially and adversely affect the Fund.

Troubled Origination. The investments chosen by Alden may have been originated by financial institutions or other entities that are insolvent, in serious financial difficulty, or no longer in existence. As a result, the standards by which such investments were originated, the recourse to the selling institution, or the standards by which such investments are being serviced or operated may be adversely affected.

Reliance on Servicers. The likelihood of MBS being paid is based entirely on payments being made on the underlying mortgages (the default rate) and the loss severity rate on foreclosed mortgages. The quality of the servicing — which will include modifying underlying mortgages in an effort to rehabilitate and resell them as well as foreclosing on the underlying collateral — can materially affect the amounts due on the Fund's investments. Alden must rely on third parties to service the mortgages underlying the MBS held by the Funds, and may have limited or no control over such services. It is difficult to determine whether such servicers have sufficient capital and adequate staffing levels to fulfill their servicing obligations and the extent to which such servicers are subject to regulatory risks and risk of error. A credit event at or other failure by a servicer could result in losses to the Funds.

Sovereign Debt. The Funds may invest indirectly through derivative instruments (including swaps and credit default swap indices) in sovereign debt instruments. The issuers of sovereign debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and the Fund may have limited recourse in the event of a default. A sovereign debtor's willingness or ability to repay principal and pay interest in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the sovereign debtor's policy toward international lenders and the political constraints to which a sovereign debtor may be subject. Furthermore, such entities may be entitled to claim sovereign immunity from any claims made against them should they default on any of their obligations under such loans. This may hinder, or prevent entirely, the recovery of any loss suffered as a result of such default. The Funds may also take short positions in European sovereign debt instruments. Taking short positions on sovereign debt entails significant risks that government action, including international rescue or restructuring plans or inflationary increases in a country's money supply, may allow countries to avoid defaulting on their debt.

Further, a new pan-European short selling regime (in the form of a European Union regulation), applies to the Funds' short selling activities in each of the member states, including Greece (the "Member States"), of the EU (the "EU Short Selling Regulation"). The EU Short Selling Regulation requires (by midnight at the end of the trading day in the Member State of the relevant market) private disclosure to the relevant Member State regulator of certain short positions. The EU Short Selling Regulation also imposes restrictions on the creation of short positions in relation to EU sovereign debt including banning "uncovered" short sales of EU sovereign debt (*i.e.*, where the investor has not borrowed, or does not have an agreement in place to borrow, the sovereign debt or where there is no arrangement in place with a third party confirming that the sovereign debt has been located or the

investor has a reasonable expectation that settlement can be effected when it is due) and prohibiting any persons, anywhere in the world, from entering into “uncovered” sovereign credit default swap transactions in relation to any EU sovereign issuer. Private disclosure to Member State regulators of net short positions in sovereign debt (at thresholds to be determined by the European Commission) is also required. Finally, the EU Short Selling Regulation gives Member State regulators and the European Securities and Markets Authority powers to impose further restrictions on short selling – including in relation to financial instruments other than shares and sovereign debt – in cases of significant falls in price or certain other exceptional circumstances. It is impossible to know what, if any, further changes in regulations may occur, but any regulations which restrict the ability of a Fund to hedge its risk through short selling strategies, could have a material adverse impact on the Fund.

ITEM 9
DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a current or prospective Fund investor's or separately managed account client's evaluation of Alden's advisory business or the integrity of Alden's management.

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status.

Neither Alden nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Adviser Registration Status.

Alden is not currently registered as a commodity pool operator, futures commission merchant, or commodity trading advisor.

C. Material Relationships or Arrangements with Industry Participants.

Neither Alden nor any of its management persons has any relationship or arrangement with related persons that are industry participants that is material to its advisory business or to the Funds.

Alden provides advisory services to a number of Clients, some of which have investment programs that are similar or substantially similar. In addition, Alden may in the future advise other pooled investment vehicles and separately managed accounts that may have investment programs that are similar or substantially similar to the investment program of one or more Clients. As a result of the foregoing, Alden and its employees may have conflicts of interest in allocating their time and resources among Alden's Clients, and in allocating investments among Alden's Clients. Accordingly, Alden will devote so much of its time and will allocate the time and resources of its employees to each Client as in its judgment each Client reasonably requires.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

Alden does not recommend or select other investment advisers for its Clients.

E. Fund General Partners

Affiliates of Alden serve as the general partners of certain Funds [the "Fund General Partners." Any persons acting on behalf of any of the Fund General Partners are subject to the supervision and control of Alden in connection with any investment advisory activities. In accordance with SEC guidance, the Fund General Partners are registered as investment advisers in reliance on the form ADV filed by Alden.

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

A. Code of Ethics.

Alden has adopted a code of ethics which sets forth a standard of conduct expected of all Alden employees and is designed to foster compliance with applicable law and regulatory requirements, and promote a culture of high ethical standards. The code of ethics addresses Alden's standards of business conduct, and includes personal trading and insider trading policies and procedures. In addition, Alden's compliance policies and procedures require its personnel to protect the confidentiality of client and investor information, report, and, in certain instances, pre-clear, the giving or receiving of gifts and entertainment (including political contributions) above certain thresholds, and seek approval for outside business activities.

Alden's employees are required to seek pre-approval for all personal investments other than investments in non-reportable securities under Rule 204A-1 promulgated under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). In addition, Alden's code of ethics generally prohibits its employees from personal trading in certain restricted securities. Alden's code of ethics requires employees to report personal transactions on a quarterly basis, file initial and annual personal account disclosures and securities holdings reports and certify their compliance with the code of ethics on an annual basis.

Alden will provide a copy of its code of ethics to any current or prospective Fund investor or separately managed account client upon request.

B. Securities In Which Alden or a Related Person Has a Material Financial Interest.

Alden has entered, and in the future may seek to enter, into certain principal and related-party transactions. To the extent required under applicable law (including Section 206(3) of the Advisers Act) or deemed advisable by General Partner of a Fund, the Fund's General Partner may select, at the expense of the Fund, one or more persons, who will not be affiliated Alden, to approve or disapprove, principal transactions, related-party transactions and certain other transactions.

Alden may, from time to time, recommend that a Client enter into a cross trade (a transaction for the purchase or sale of a security or other financial instrument) with another Client for purposes of portfolio re-balancing, or otherwise. A cross trade may be deemed a principal transaction if Alden and certain persons associated with Alden own a substantial portion (in excess of 25%) of one or both of the Clients participating in the cross trade. A large portion of some or all of the Funds are owned by persons associated with Alden, and Alden considers transactions concerning such Funds to be principal transactions. Alden will not recommend that a Client enter into a cross trade that is deemed a principal transaction without obtaining proper approval in accordance with applicable law, as discussed above.

Alden does not contemplate engaging in agency cross transactions. Agency cross transactions typically arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

C. Investing in Securities That Alden or a Related Person Recommends to Clients.

Subject to internal compliance policies and approval procedures designed to address any conflicts of interest that may arise, employees of Alden may engage in personal trading of securities and other financial instruments, including securities and financial instruments in which a Client may

invest. Subject to Alden's Code of Ethics and its personal trading policy, Alden's employees may purchase or sell for themselves securities that Clients also hold or may acquire. In addition, Clients may purchase and sell securities of an issuer in which employees of Alden also have a position or interest. Employees may trade securities in the opposite direction they are traded for the Clients and personal trading by employees may lead to Client regulatory thresholds being crossed. In addition, certain employees may use the trading desk to execute personal securities transactions.

D. Conflicts of Interest Created by Contemporaneous Trading.

Employees of Alden are prohibited from trading in the securities of an issuer that an Alden Client traded the day of or the day before the contemplated employee transaction. Alden may monitor its employees' investment patterns to detect potentially abusive practices, including but not limited to frequent and/or short-term trades and front-running.

A Client advised by Alden may or may not follow an investment program that is the same as or similar to the investment program of one or more other Clients. Accordingly, it is Alden's policy to recommend the allocation of investment opportunities fairly and equitably over time. This means that such opportunities will be allocated among Clients, for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (a) portfolio investment guidelines and restrictions; (b) whether the risk-return profile of the proposed investment is consistent with the Client's objectives and the proposed investment's impact on the current portfolio of the Client; (c) liquidity of the portfolio and liquidity of the investment; (d) structural and/or financing restrictions; (e) the need to re-size risk in the account's portfolio; (f) legal or regulatory restrictions that would or could limit a Client's ability to participate in a proposed investment and (g) other considerations as may be deemed appropriate from time to time. Therefore, allocations among Clients will often not be *pro rata* on the basis of the foregoing considerations, and may result in a Client receiving little or no allocation of an investment opportunity.

ITEM 12

BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

As part of its advisory services to Clients, Alden enters into portfolio transactions on behalf of its Clients on the basis of seeking best execution. Alden has discretion in deciding what brokers and dealers a Client will use and in negotiating the rates of compensation paid. Alden allocates portfolio transactions to brokers and dealers in consideration of various factors, including a broker's or dealer's commission rates, reliability, financial responsibility and strength, the ability to efficiently execute transactions, facilities, and the provision or payment of the costs of research and other services that are of benefit to Alden or the Clients.

1. Research and Other Soft Dollar Benefits.

Alden does not currently use commission or "soft dollars" to any significant extent to pay for research products or services on a traditional soft dollar commission basis. To the extent that Alden does use "soft dollars" to pay for research products or services, any such use of "soft dollars" will fall within the safe harbor for soft dollars created by Section 28(e) of the Securities Exchange Act of 1934, as amended, and any such arrangements will be structured in accordance with SEC guidance in this area. Research products and services provided to Alden may include research reports on particular industries and companies, economic surveys and analyses, advice from legal, strategic, financial, and industry consultants and advisors, recommendations as to specific securities, and other products and services providing lawful and appropriate assistance to Alden in the performance of its investment advisory responsibilities.

If Alden uses brokerage commissions (or markups or markdowns) (*i.e.*, "soft dollars") to obtain research, or other products or services, Alden receives a benefit because it does not have to produce or pay for the research, products, or services. Alden may have an incentive to select a broker or dealer based on its interest in receiving research or other products or services, rather than on a Client's interest in receiving the most favorable execution. Alden may cause a Client to pay commissions (or markups or markdowns) higher than those charged by other brokers or dealers in return for soft dollar benefits. In addition, Alden may use research obtained with "soft dollars" generated by certain Clients to service other Clients; Alden is not required to allocate "soft dollar" benefits to Clients proportionately. Where a product or service obtained with "soft dollars" provides both research and non-research assistance to Alden, Alden will make a reasonable allocation of the cost of that product or service that may be paid for with soft dollars and will pay for the remainder of the cost with its own funds.

While already included in the commission price that Alden pays, in the last fiscal year the types of products and services acquired with Client brokerage commissions (or markups or markdowns), whether proprietary research or third-party research, were written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel; meetings with corporate executives; and financial and industry publications.

2. Brokerage for Client Referrals.

Brokers may refer or introduce investors to Alden, and Alden may accept investor referrals or introductions from brokers in appropriate circumstances. It should be noted that in these situations Alden receives a benefit because it will receive additional compensation if it gains a new advisory client or the Funds accept new investments. However, Alden does not base its selection of brokers on the provision of these services.

3. Directed Brokerage.

Alden does not recommend, request, or require that a client direct Alden to execute transactions through a specified broker or dealer.

B. Order Aggregation.

If Alden executes purchases or sales of the same securities for several Clients at approximately the same time, Alden may, to the extent permitted by applicable law, but is not obligated to, combine such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Clients differences in prices and commissions or other transaction costs than might have been obtained had these orders been placed separately. This aggregation of orders would be expected, on average, to slightly reduce the costs of execution. In general, Alden will not aggregate orders if, in a particular instance, Alden believes that aggregation would cause a Client's costs of execution to increase. If an order cannot be fully executed under prevailing market conditions, Alden may allocate the securities traded among different Client accounts on a basis which Alden considers equitable. Situations may occur in which a Client could be disadvantaged because of the execution activities conducted by Alden for other Clients.

C. Trade Errors.

Errors with respect to trades executed on behalf of Clients may result in losses or gains for the Clients. Alden will seek to resolve any trade error on a fair and equitable basis, taking into consideration whether the error resulted from a breach of Alden's standard of care as set forth in the Fund's offering documentation or separately managed account investment advisory agreement. In general, none of Alden, its principals, officers, members, employees, or controlling persons will be liable to the Clients if such person acted in good faith, or in a manner which they believed to be in, or not opposed to the interests of the Client, and such person's conduct did not constitute a breach of Alden's standard of care. Negative results of trading errors generally will be borne by the Client, rather than by Alden, so long as Alden adheres to the foregoing standard of care. Any net gain will be retained by the Client.

ITEM 13

REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans.

Alden reviews Client accounts on a daily basis. Members of the investment team review with respect to portfolio composition and risk assessment, while Alden's finance and operations staff, under the supervision of Alden's Managing Director of Operations, ensure that all transactions are properly posted. Daily compliance reporting has been developed with Alden's outside compliance software provider to assist in such monitoring.

B. Factors Prompting Review of Client Accounts Other than a Periodic Review.

In addition to the periodic review described above, Client portfolios will be reviewed if such portfolios encounter special circumstances or suspicious or unusual activity.

C. Content and Frequency of Account Reports to Clients.

Generally, investors in the Funds will receive monthly unaudited performance reports and annual audited financial statements, as well as certain tax information for preparation of investors' tax returns. Certain investors in the Funds may receive additional information and reporting that other investors may not receive.

The nature and frequency of reporting to separately managed account clients is individually negotiated.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients.

Alden does not receive any economic benefits from persons who are not clients for providing investment advice or other advisory services to its Clients. From time to time, employees of Alden may serve as directors or advisory board members of certain companies held in Client portfolios. In connection with such services, Alden may receive directors fees or other similar compensation attributable to the employees' services. In the event such fees are received, they will be allocated to the relevant Clients in a fair and equitable manner.

B. Compensation to Non-Supervised Persons for Client Referrals.

Alden may enter into arrangements pursuant to which it compensates third parties for referrals of separately managed account clients. To the extent applicable, such arrangements will be made in compliance with Rule 206(4)-3 under the Advisers Act.

ITEM 15 CUSTODY

Alden is deemed to have custody of the assets of the Funds. Fund assets are held at a qualified custodian or are otherwise exempt from such requirement. Alden relies on the provisions of Rule 206(4)-2 of the Advisers Act with respect to the Funds. Each Fund is audited annually by an independent public accountant that is both registered and inspected by the Public Company Accounting Oversight Board. Audited financial statements of the Funds are distributed to investors in the Funds within 120 days of each Fund's fiscal year end. Investors should carefully review such statements.

Should Alden manage and/or advise a separately managed account in the future and be deemed to have custody of the assets of that separately managed account, Alden anticipates that it will request that the qualified custodian that holds and maintains the separate account assets send account statements directly to the client at least quarterly. Alden urges any such client to compare the account statements received from the qualified custodian to the account statements received from Alden.

ITEM 16
INVESTMENT DISCRETION

Alden acts as a discretionary adviser to the Funds pursuant to their respective investment management agreements and is subject to the investment objectives, guidelines and restrictions set forth in the applicable agreement for the respective Client.

Alden may in the future provide discretionary advisory services to other investment funds or separately managed accounts. Should it do so, it is anticipated that Alden will enter into an investment management agreement, or similar agreement, pursuant to which it will be granted discretionary authority.

ITEM 17

VOTING CLIENT SECURITIES

The Advisers Act generally requires investment advisers to vote all proxies within their authority. Alden has established written policies and procedures designed to ensure that shares owned by a Client are voted in the best interest of such Client (the “Proxy Voting Procedures”). Alden does not vote proxies where it does not have the authority to do so or where the cost of doing so, in the opinion of Alden, would exceed the expected benefits to a Client. Alden generally votes most shares through and in accordance with the recommendations of an independent third party proxy voting service. Alden reviews selected material proxy matters for each Client and determines whether the voting service recommendations appear to be in the best interest of the Client. When Alden believes that a voting service recommendation may be contrary to the best interest of a Client, Alden may consider an alternative vote. For the avoidance of doubt, Alden retains the authority to vote proxies, has not delegated such authority to any other party, and may vote against any voting service recommendation if it determines such recommendation is contrary to a Client’s best interests.

Clients may contact Alden to obtain information on how proxies were voted and to request a copy of the Proxy Voting Procedures.

ITEM 18
FINANCIAL INFORMATION

Alden is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

ITEM 19
REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.