

ITEM 1—COVER PAGE



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

EQUITY INTERNATIONAL MANAGEMENT, LLC

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

Equity International Management, LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

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

ITEM 2—MATERIAL CHANGES

There have been no material changes since Equity International Management, LLC's last annual Brochure filing on March 28, 2019.

Equity International Management, LLC routinely makes changes throughout its Brochure to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry and Firm practices. In this year's filing, the following Items have been updated:

- Item 4: updated to reflect regulatory assets under management as of December 31, 2019 and other immaterial changes; and
- Item 8: updated description of potential conflicts of interest.

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ITEM 4—ADVISORY BUSINESS

Based in Chicago, Illinois, Equity International Management, LLC (together with its funds' general partners and relying adviser, unless otherwise specified, "Equity International," the "Management Company" or the "Firm"), a Delaware limited liability company, is a private equity firm focused primarily on investing outside of the United States. The Firm makes entity-level investments in real estate and other asset-intensive operating companies, including investing directly in real estate assets, across the world. The Management Company commenced operations in November 2005, and its predecessors commenced operations in June 1999.

Madison Canal GP, LLC ("Madison Canal") is a relying adviser of Equity International. Madison Canal commenced operations in 2018 and manages investments in the United States. More information about the relying adviser is available in Equity International's Form ADV Part 1, Schedule R.

Equity International and its relying adviser serve as the investment adviser for, and provide discretionary investment advisory services to, private funds exempt from registration under the Investment Company Act of 1940, as amended (the "Investment Company Act"), as well as to special purpose co-investment funds established to invest alongside a fund in a single portfolio company (collectively referred to throughout this Brochure as "Funds" and each as a "Fund," unless otherwise specified).

Certain of these Funds are referred to herein as "Feeder Funds" as they invest directly or indirectly in an applicable Fund as investors. More information about the Equity International Funds is available in the Firm's Form ADV Part 1, Schedule D, Section 7.B.(1).

The Firm is affiliated with each Fund's general partner (each a "General Partner"), which are deemed registered under the Advisers Act pursuant to Equity International's registration in accordance with SEC guidance. More information about the Funds' General Partners is available in the Firm's Form ADV Part 1, Schedule D, Section 7.A. Equity International, the Funds' General Partners and Madison Canal operate as a single investment advisory business focused on sponsoring and managing private equity funds. The advisory activities are subject to the Advisers Act, operated under a single code of ethics and administered by a single CCO.

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

Equity International's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating and structuring investments, managing and monitoring the investments during the hold period and achieving dispositions. The Funds

generally make investments in nonpublic companies, although investments in public companies are permitted and have been made in the past. Investments are structured as debt, equity or hybrid securities. The senior principals and/or the personnel of Equity International generally serve on a portfolio company's boards of directors or otherwise act to influence or exercise control over management of the portfolio companies held by the Funds.

Equity International's advisory services for the Funds are further described in the applicable private placement memoranda, Fund limited partnership agreements, investment advisory agreements, side letter agreements and other governing documents of the relevant Fund (collectively, the "Governing Documents"), as well as generally below under Item 8, "*Methods of Analysis, Investment Strategies and Risk of Loss*," and Item 16, "*Investment Discretion*." Equity International does not tailor its advisory services to the individual needs of investors in its Funds. The Governing Documents typically include restrictions on the types of investments that Equity International may cause the applicable Fund to make. Investors in the Funds participate in the overall investment program for the applicable Fund. Equity International has entered into side letters or similar agreements with investors in the Funds that have the effect of establishing additional rights for the investor under, or altering or supplementing with respect to the investor, a Fund's Governing Documents. Such rights typically include "most favored nation" provisions, notice requirements, co-investment preferences, certain fee arrangements and applicability of tax exemptions, among others. These rights, benefits or privileges are not always made available to all investors nor in some cases are they required to be disclosed to all investors. Side letters are negotiated at the time of a Fund's formation, and once invested in a Fund, investors generally cannot impose additional investment guidelines or restrictions on such Fund.

As of December 31, 2019, Equity International had regulatory assets under management of approximately \$2.32 billion, \$2.16 billion managed on a discretionary basis and \$155 million managed on a non-discretionary basis. The calculation of regulatory assets under management duplicates certain assets managed by Equity International to the extent that such assets are invested in other Equity International-managed private funds. Without such duplication, Equity International managed assets, including remaining commitments, are approximately \$2.04 billion.

The Management Company is principally owned by trusts and other entities established by or for the benefit of Sam Zell and members of his family. References herein to ownership by Mr. Zell should be interpreted to include ownership by trusts and other entities established for the benefit of Mr. Zell and members of his family. Affiliates of The Olayan Group, a privately held multinational organization, also hold a minority investment in the Management Company. For more information about Equity International's owners and executive owners, see the Firm's Form ADV Part 1, Schedule A and Schedule B.

ITEM 5—FEES AND COMPENSATION

In general, the Funds pay a management fee (the "Management Fee") to the Management Company and a carried interest allocation ("Carried Interest") to the applicable General Partner for the advisory services rendered, as discussed (i) briefly below and (ii) in greater detail in each Fund's Governing Documents.

The Feeder Funds do not generally pay a Management Fee or allocate Carried Interest to the General Partners of the Feeder Funds. Instead, the Feeder Funds, and therefore the investors in the Feeder Funds indirectly, generally bear the Feeder Fund's pro rata share of the Management Fee and Carried Interest applicable to such Feeder Fund's investment in the relevant underlying Fund. In some cases, however, the Feeder Funds pay fees or Carried Interest directly.

The following is a general description of fees, compensation and expenses of the Funds. Differences exist from Fund to Fund, and some Funds may not charge the same fees, compensation or expenses that other Funds charge. The Governing Documents of each Fund describe the relevant fees, compensation and expenses in greater detail. ***Fees are negotiable. An investor in a Fund may negotiate lower fees and other compensation to Equity International for its own benefit only, through side letters, designated or affiliate partner letters or other arrangements, which are not always required to be disclosed to other investors in the same Fund.***

Management Fees

The Funds, their General Partners, affiliates and the relying adviser, as applicable, generally pay the Management Company, directly or indirectly, a management fee, payable quarterly in advance, which during the investment period of a Fund is generally up to 2.0% per annum of the aggregate non-affiliated investors' capital commitments to a Fund (the "Commitments") or capital funded into portfolio company investments. Investors subscribing for interests in a Fund after the initial closing generally bear the Management Fee from the date of initial closing, plus interest, as applicable. After the investment period of a Fund ends, and upon the occurrence of other events described in the relevant Fund's Governing Documents, the Management Fee will generally be up to 2.0% of invested capital or capital funded into portfolio company investments.

The Funds generally pay the Management Fee until the proceeds from all portfolio companies have been distributed, or until the Management Company or General Partner's relationship with the Fund is terminated for the specified reasons described in the applicable Fund's Governing Documents and related agreements. The General Partner of each Fund has, in its sole discretion, waived or reduced the Management Fee for investors in a Fund. For example, Management Fees are generally waived for Equity International employees, affiliates and their families investing in a Fund. Similarly, investors in co-investment vehicles will, on occasion, pay reduced or no Management Fees. All Management Fees were negotiated with the Fund's investors during the fundraising period of the applicable Fund and are not subject to negotiation thereafter.

The Funds are closed-ended investment vehicles intended for a long-term investment. Accordingly, Management Fees are expected to be paid, except as otherwise described in the relevant Fund's Governing Documents, and investors generally are not permitted to withdraw or redeem interests in the Funds.

The Management Fee payable by a Fund will generally be reduced, depending on the Fund, in whole or in part depending on the Fund, by a pre-established sharing percentage that was negotiated between Equity International and each Fund's investors, by (i) all placement fees, (ii) excess organizational expenses and (iii) all closing fees, investment banking fees, placement fees, commitment fees, break-up fees, litigation proceeds from transactions not consummated,

monitoring fees, consulting fees, directors' fees and similar fees (such fees, "Transaction Fees") received by the Management Company, the General Partners or certain of their affiliates from a Fund (directly, or indirectly by any of its portfolio companies), provided that such fees will initially be used to reimburse the Management Company for any Fund expenses originally borne by the Management Company not yet reimbursed by such Fund as required pursuant to applicable agreements. The amount and manner of such reduction is set forth in the relevant Governing Documents of the applicable Fund. Further, any such reduction of a Fund's Management Fee is typically limited to the extent of such Fund's proportionate interest in any such portfolio company and only to the extent a Management Fee is payable by a Fund currently or in the future.

To the extent that an offset for Transaction Fees would reduce the Management Fee for a given period below zero, the unapplied Transaction Fees will generally be applied against payable Management Fees, and if a credit remains upon dissolution, a payment will be made to investors that have not elected to waive such amount for tax or other reasons.

Carried Interest

The General Partners of the Funds generally receive a Carried Interest allocation of up to 20% of all realized profits in excess of a 9% annually compounded preferred return, subject to General Partner catch-up provisions. The Carried Interest distributed to the General Partner is generally subject to a potential giveback at the end of the life of a Fund if the General Partner has received excess cumulative distributions. Each Fund's Carried Interest arrangement may differ, and each calculation as well as any clawback provisions are further described (i) in full detail in the relevant Fund's Governing Documents and (ii) more briefly in Item 6, below.

Fund Expenses

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

In addition to the Management Fee payable to the Management Company and Carried Interest payable to the General Partners, each Fund bears certain expenses. As more fully set forth in the applicable Fund's Governing Documents, each Fund generally bears all fees, costs, expenses, liabilities and obligations relating to a Fund's and /or its subsidiaries' activities, investments and business (to the extent not paid by portfolio companies of the Fund), which differ across Funds, including but not limited to: (i) all fees, costs, expenses, liabilities and obligations attributable to structuring, organizing, acquiring, managing, operating, holding, valuing, winding up, liquidating, dissolving and disposing of a Fund's investments (including interest and fees on money borrowed by a Fund, Equity International or a General Partner on behalf of the Fund, registration expenses, compensation for services provided by the operations group of Equity International or any member thereof and brokerage, finders', custodial and other fees), (ii) legal, accounting, administration, custodian, depositary, auditing, insurance (including directors and officers and errors and omissions liability insurance), travel (including, where appropriate, the cost of chartering private aircraft from associates or affiliates of Equity International), litigation and indemnification costs and expenses, judgments and settlements, consulting (including consulting and retainer fees paid to the operations group or any member thereof), finders', financing, appraisal, filing and other fees

and expenses (including fees, costs and expenses associated with the preparation or distribution of a Fund's financial statements, tax returns and Schedule K-1s or any other administrative, regulatory or other Fund-related reporting or filing), (iii) costs and expenses associated of each Fund's advisory board including advisory board advisory expenses, (iv) all fees, costs, expenses, liabilities and obligations incurred by a Fund, a General Partner or Equity International and its employees relating to investment and disposition opportunities for a Fund not consummated (including legal, accounting, auditing, insurance, travel (including, where appropriate, the cost of chartering private aircraft from affiliates of Equity International), consulting (including consulting and retainer fees paid to the operations group or any member thereof), finders', financing, appraisal, filing, printing, real estate title, survey and other fees and expenses), (v) all out-of-pocket fees, costs and expenses incurred by a Fund, a General Partner or Equity International and its employees in connection with the annual and other periodic (if any) meetings of investors and any other conference or meeting with any investors, (vi) the Management Fee, (vii) any taxes, fees and other governmental charges levied against a Fund (except to the extent that a Fund is reimbursed as per the relevant Fund Governing Documents), (viii) placement fees, (ix) costs and expenses that are classified as extraordinary expenses under generally accepted accounting principles ("GAAP"), (x) all fees, costs and expenses incurred in connection with the organization, management, operation and dissolution, liquidation and final winding-up of any alternative investment vehicles and (xi) organizational expenses up to the expense cap specified in the relevant Fund's Governing Documents (excess fees are paid by the Management Company or offset future Management Fees). In addition, a Fund may bear some or all of the expenses of the Feeder Funds, if any, formed to invest in the Fund to the extent set forth in the relevant Fund's Governing Documents. Brokerage fees may be incurred in accordance with the practices set forth in Item 12, "*Brokerage Practices*," below.

Management Company Expenses

As more fully set forth in the applicable Fund's Governing Documents, the General Partners, the Management Company and their affiliates generally bear all ordinary overhead and administrative expenses of a Fund incurred by its General Partner or managing member or the Management Company in connection with maintaining and operating their respective offices, including salaries, rent and equipment expenses, to the extent not borne or reimbursed by a portfolio company. For the avoidance of doubt, Management Company expenses do not include Fund expenses or Fund organizational expenses.

Portfolio Company Remuneration

As described above, Equity International receives Transaction Fees or other remuneration (including any options, warrants or other equity securities) paid by the Funds (directly, or indirectly by a portfolio company of the Funds), subject to the terms set forth in the relevant Fund's Governing Documents. All such fees received are offset in whole or in part against the Management Fee according to each Fund's Governing Documents. However, any reimbursement by a portfolio company of out-of-pocket expenses incurred by Equity International or its affiliates will not be offset against the Management Fee payable by the Funds.

Furthermore, Equity International and its related persons provide financial advisory, legal, tax, accounting and other services ("Related Services") on an arms-length basis, for reasonable

compensation, for the Funds and their portfolio companies, as set forth in greater detail in the relevant Fund's Governing Documents, and any such fees payable for Related Services do not offset Management Fees. To date, the Management Company has borne all such costs.

Equity International, its related persons or third parties also incur expenses while working with Equity International portfolio companies, and such expenses are paid by either Equity International, the relevant portfolio company or the relevant Fund. For example, each portfolio company typically pays for or reimburses the Firm for the travel of Equity International employees to participate in board meetings of such portfolio company. Any reimbursement by a portfolio company of such out-of-pocket expenses incurred by Equity International, a Fund General Partner or their related persons will not be offset against the Management Fee payable by the Funds.

Fee Receipt Allocation

From time to time, Equity International may (in its sole discretion), agree to pay a transaction fee, portion of Carried Interest or other fee received from an actual or prospective portfolio company to a third party, such as a consultant, adviser, finder, placement agent, broker and/or investment bank. In such event, the third-party fee is not a fee that Equity International is entitled to retain and, therefore, Equity International is not required under the terms of the applicable organizational documents to share such third party fees with a Fund (or to offset Management Fees of that Fund by such amount).

Allocation of Fees and Expenses

In good faith and in its fair and reasonable discretion, Equity International determines on a case by case basis whether an expense should be borne by the Firm, a Fund or a portfolio company. To the extent that the relevant Fund's Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate to a specific Fund, Equity International will typically allocate common expenses among multiple Funds on a pro rata basis and in accordance with its policies and procedures on expense allocation, unless Equity International determines that another method is more equitable. Where one or more Funds to which an expense would otherwise be allocable are not permitted to receive an allocation based on the applicable Governing Documents, the portion of the expense attributable to such Fund(s) will be borne by Equity International.

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

As described under Item 5, "*Fees and Compensation*," above, the General Partners receive a Carried Interest allocation on certain profits derived from the Funds. A Carried Interest allocation represents an adviser's compensation based on a percentage of net profits of the Funds it manages. The General Partners of the Funds generally receive a Carried Interest allocation of up to 20% of all realized profits in excess of a 9% annually compounded preferred return. Carried Interest is payable as portfolio holdings are liquidated or otherwise monetized and is subject to General Partner catch-up provisions, as described in the relevant Fund's Governing Documents.

Equity International's Carried Interest allocations have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption

set forth in Rule 205-3. The General Partner of each Fund is permitted, in its sole discretion, to waive or reduce the amount of Carried Interest for an investor in a Fund. Similar to Management Fees, Carried Interest is generally waived for Equity International employees, affiliates and their families investing in a Fund. Similarly, investors in co-investment vehicles will, on occasion, pay reduced or no Carried Interest. In practice, however, the Firm does not believe there is a material conflict of interest in these cases.

The fact that each General Partner's Carried Interest allocations are based on the performance of the applicable Fund can create an incentive for a General Partner to make investments that are more speculative than would be the case in the absence of such distributions. Equity International believes that this incentive is sufficiently mitigated, however, due to the fact that: (i) the applicable Governing Documents create limitations on the ability of Equity International to establish new investment Funds; (ii) the Funds are subject to certain contractual provisions requiring certain parallel Funds to purchase and sell investments contemporaneously; (iii) any losses the Funds sustain will reduce each General Partner's Carried Interest distribution; (iv) Carried Interest is generally calculated only after investors have received as distributions 100% of their capital contributions plus a preferred return; and (v) a General Partner often makes a commitment to the Fund to invest its own capital alongside the investors. Further, the fact that different Funds pay different Management Fees to the Management Company, or allocate different amounts of Carried Interest to the applicable General Partner, has the potential to create an incentive for Equity International to favor Funds that pay more Management Fees or allocate more Carried Interest; however, Equity International has adopted an investment allocation policy to mitigate this risk.

Funds with specified investment objectives which are similar are typically managed in a similar way and generally invest in the same assets. Investment opportunities which satisfy the investment parameters of more than one Fund will be allocated in accordance with Equity International's policies and procedures and in accordance with the applicable Fund's Governing Documents. Equity International's procedures are designed to ensure that all investment decisions are made in accordance with Equity International's fiduciary duties to its Funds and without consideration of Equity International's (or its affiliates' or employees') pecuniary interest. Equity International's policies and procedures for the allocation of investments are determined by its investment committee and monitored by Equity International's Chief Compliance Officer.

Equity International will not allocate investment opportunities, based in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or co-investment vehicle or (ii) the profitability of any Fund.

ITEM 7—TYPES OF CLIENTS

Equity International provides investment advice to its Funds: (i) which generally consist of investment partnerships and other investment entities formed under domestic or foreign laws that are not registered or required to be registered under the Investment Company Act; (ii) which are not made available to the general public; (iii) for which the related securities are not registered or required to be registered under the Securities Act of 1933, as amended ("Securities Act"); and (iv) for which interests are privately placed to qualified investors in the United States and elsewhere. The investors participating in the Funds, both directly and indirectly through Feeder Funds or other legal structures, include individuals, banks or thrift institutions, university endowments, fund-of-

funds, pension and profit-sharing plans, trusts, estates, charitable organizations, other corporations or business entities and principals or other employees of Equity International and its affiliates.

The Funds generally have a minimum investment Commitment set forth in the applicable Fund's Governing Documents, which the General Partner is permitted to waive in its discretion. In most circumstances, investors in the Funds must also meet certain suitability and net worth qualifications prior to making an investment. Generally, investors must be (i) "accredited investors" as defined under Regulation D of the Securities Act, as amended and (ii) either "qualified purchasers" or "knowledgeable employees" each as defined under the Investment Company Act.

Equity International has established certain clients in the form of special purpose vehicles, ("Feeder Funds"), to address particular tax or regulatory requirements. Each Feeder Fund is an investor in a Fund; interests in such Feeder Fund are held by investors who elect to participate in the Fund through such Feeder Fund.

Equity International offers co-investment opportunities to invest alongside a Fund, either directly in the investment made by the Fund or indirectly through an investment in another Fund that directly co-invests. These co-investment opportunities arise when a portfolio company requires additional capital, and Equity International determines that all or a portion of the applicable opportunity is not required to be offered to, or is not appropriate for, a Fund. Such determinations are based on the provisions of the applicable Fund's Governing Documents, and such other factors as Equity International considers in its sole discretion, including those specified in its policies on investment allocation and co-investments.

Opportunities to invest in a portfolio company of a Fund are made available to any person or entity, including, without limitation, strategic investors, lenders, deal sources, other private equity or venture capital firms, Fund investors or other persons or entities affiliated, associated or otherwise known to Equity International or its personnel. Specifically, Equity International offers co-investment opportunities to invest alongside a Fund to some but not all of the investors in that Fund, or to third parties, as Equity International determines appropriate in its sole discretion. Furthermore, Equity International charges some investors that directly or indirectly co-invest different Management Fees, and causes them to bear different Carried Interest amounts, in its sole discretion. As discussed above in Item 5, "Fees and Compensation," fees are negotiable. In addition, Equity International has on occasion charged co-investors more or less of certain expenses related to the investment (*e.g.*, legal and other expenses associated with a portfolio company investment) than the Fund making the investment. Co-investors generally do not pay for expenses related to investments that are not consummated, or "broken deal expenses." Although co-investments alongside a Fund will generally be made on substantially the same terms as the Fund, there may be circumstances in which the terms differ to the detriment of either or both of the co-investors and the Fund. For investment vehicles organized and/or managed by Madison Canal, some co-investors have been provided the opportunity to sit, or have a representative sit, on the board of directors or board of advisors of the relevant portfolio company, which has the potential to offer the co-investors access to information and ability to influence the operations and decision-making of the portfolio company that are not necessarily available to other investors.

Subject to any restrictions contained in the relevant Fund's Governing Documents or other terms negotiated with respect to such Fund, in general, no investor has a right to participate in any co-investment opportunity.

When Equity International determines to permit co-investors, the size of the investment opportunity otherwise available to Equity International's Fund(s) may be less than it would otherwise have been without the inclusion of such co-investors.

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

Investment Strategies

Equity International believes that the real estate industry in other free market economies has the potential to transition, as it has in the United States from fragmentation to greater consolidation, and from domination by small operators and family groups to institutional platforms with professional management teams and access to lower-cost capital from the public equity markets and institutional investors. Equity International believes these structural changes, together with growth potential in international markets, has the potential to create attractive investment opportunities.

Opportunistic Investor

Equity International applies its founder's opportunistic investment approach to international real estate investments. The Firm maintains the flexibility to focus on markets and industries that it believes are most likely to present opportunities that generate opportunistic returns. The Equity International team of investment professionals identifies geographies and asset classes with strong fundamentals that can support long-term investment performance, and further distills the opportunity set to markets offering attractive entry points. Equity International often adopts contrarian views on markets depressed by negative short-term factors, such as supply-demand imbalances and ebbs in liquidity flows, if the Firm has a conviction in the long-term fundamentals. Similarly, Equity International seeks to identify countries characterized by strong fundamentals that have not yet attracted significant capital, either domestic or international, to the real estate sector. In the Firm's experience, markets like these are typically characterized by attractive valuations.

On occasion, the Firm or its affiliates will pursue investments outside of the scope of the existing Funds' Governing Documents, as is the case with Madison Canal, which manages real estate investments in the United States.

Partner Selection and Platform Investing

Equity International generally seeks to invest alongside operating partners who provide local market knowledge, expertise and execution capabilities. After identifying a high potential market based on consideration of the factors discussed above, the Firm generally seeks to identify potential local partners that have excellent analytical skills, strategic vision, strong work ethic, good management skills and values. In contrast to many real estate managers, Equity International typically approaches opportunities through investments in operating companies rather than by

directly investing in real estate assets. However, in particular situations, the Firm may believe the better approach is to purchase a direct interest in assets. Some of the reasons for preferring a well-structured platform include:

- Alignment. Equity International generally structures operating company investments so that the applicable Fund holds an interest in the same vehicle as the operating partner. In addition, the Firm typically also requires the operating partner to only engage in the business through this vehicle, which ensures that the relevant Fund participates in all of the operating partner's investments and enhances alignment of interests.
- Influence. By obtaining meaningful governance rights in the operating company, which is one of Equity International's most important goals in structuring an investment, the Firm has a greater ability to influence the strategic direction and operations of the business.
- Enterprise Value; Multiple Exits. An operating company that owns a portfolio of assets can have enterprise value beyond those assets, and an investor in the operating company shares in this value creation. There are also additional exit options for a platform, such as a public listing or sale of the assets together with operational capabilities to a large investor.

Equity International Management Team

Equity International comprises a talented group of professionals with strong analytical capabilities and a wide professional network. The Firm's founder, Sam Zell, is a legendary investor who has successfully operated in a variety of industries and geographies through all points of the business cycle. The entire Equity International team has complementary skill sets, with members drawing on backgrounds in finance, accounting, law, capital raising, tax planning, engineering and general management. Members of the team speak the languages of many of the markets in which the Firm invests and have extensive experience in international investing and business.

Risks of Investments

Investing involves risk of loss, which investors in the Funds should be prepared to bear. *There can be no assurance that the Funds will achieve the investment objectives established by Equity International, and a complete loss of capital is always possible.* The risks of an investment in a Fund are detailed in the Fund's private placement memorandum and/or subscriptions documents, which prospective investors should review carefully before making an investment. Moreover, Equity International is permitted under the terms of each Fund's Governing Documents to adopt new strategies, and it is impossible to predict all future risks, therefore the following list of risks is not intended to be exhaustive. While the following discusses risks as they relate to the Funds, co-investment vehicles will also be subject to some or all of the following risks, depending on the risks associated with the applicable transaction or investment strategy. To the extent certain co-investment vehicles pursue investments or strategies that are not pursued by the Funds, such co-investment vehicles will likely be subject to additional risks as described in their respective offering documents.

The following risk factors are applicable to both the Equity International and Madison Canal Funds:

Investment in Junior Securities. The securities in which the Funds invest can be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect a Fund's investment once made.

Concentration of Investments. A Fund's investment portfolio has the potential to become highly concentrated, and the performance of a few holdings or of the real estate industry or the economy of a particular country can substantially affect a Fund's aggregate return.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, investors will be required to bear Management Fees through the Fund during the investment period based on the entire amount of the investors' Commitments and other expenses as set forth in the relevant Fund's Governing Documents.

Illiquidity; Lack of Current Distributions. An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. It is possible that losses on unsuccessful investments will be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment can be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there is generally no current return on the investment. Furthermore, the expenses of operating a Fund (including the Management Fee payable) has the potential to exceed its income, thereby requiring that the difference be paid from a Fund's capital, including unfunded Commitments.

Leveraged Investments. The Funds make use of leverage by incurring debt to finance a portion of their investment in a portfolio company or by having a portfolio company incur debt to finance a portion of a Fund's investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets are generally impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it can be difficult to obtain or maintain the desired degree of leverage. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and can impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and can accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund can suffer a partial or total loss of capital invested in the portfolio company, which would likely adversely affect the returns of the Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to

sell all or a part of a portfolio company, the Fund will not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Fund will invest generally will not be rated by a credit rating agency. Funds are also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). The use of leverage by a Fund also will result in interest expense and other costs to the Fund that may not be covered by distributions made to such Fund or appreciation of its investments. A Fund can incur leverage on a joint and several basis with other Funds and entities managed by Equity International, or any of its affiliates, and can have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), it is possible that such amounts will be secured by Commitments made by the Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of the Fund.

Limited Transferability of Fund Interests. There will be no public market for the Funds' interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the relevant Fund's Governing Documents and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for Fund investments, and hence, most of a Fund's investments will be difficult to value. Certain investments are permitted to be distributed in kind to investors and it can be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such investors. After a distribution of securities is made to investors, investors could decide to liquidate such securities within a short period of time, which would likely have an adverse impact on the price of such securities. The price at which such securities are sold by such investors may be lower than the value of such securities determined pursuant to the relevant Fund's Governing Documents, including the value used to determine the amount of Carried Interest available to the relevant General Partner with respect to such investment.

Reliance on the General Partners and Portfolio Company Management. Control over the operation of each Fund will be vested with such Fund's General Partner, and the Fund's future profitability will depend largely upon the business and investment acumen of the principals. The loss or reduction of service of one or more of the principals could have an adverse effect on the Fund's ability to realize its investment objectives. In addition, the principals currently, and may in the future, manage other investments, companies and investment funds besides the Funds and their portfolio companies and it is possible that the principals will devote substantial amounts of their time to such other investment activities, which can pose conflicts of interest in the allocation of the time of the principals. Investors generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend on the actions of the Management Company and of the relevant Fund General Partner. In addition, certain changes in a General Partner or circumstances relating to a General Partner can have an adverse effect on a Fund or one or more of its portfolio companies including potential acceleration of debt facilities.

Although each General Partner will monitor the performance of each Fund's investment, it will primarily be the responsibility of each portfolio company's management team to operate such

portfolio company on a day-to-day basis. Although a Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with a Fund's objectives.

Portfolio Company Board Service. In certain circumstances, the Funds will have a significant and controlling interest in portfolio companies, and Equity International and/or its affiliates have the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. Equity International principals and employees and those appointed by them often serve on the boards of Fund portfolio companies. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to Equity International in connection with services provided by the Firm and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the relevant Fund Governing Documents' offset provision, are in addition to the Management Fee or Carried Interest. Equity International's authority to appoint or influence the appointment of portfolio company board members who will potentially be involved in approving compensation payable to the Firm subjects Equity International and any such portfolio company board appointees to potential conflicts of interest. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of a Fund in general; however, as the Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned. Any fees earned for sitting on such portfolio company boards by employees are offset against Management Fees; such fees earned by third parties appointed by Equity International, if any, are not offset against Management Fees.

Projections. Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the Fund General Partner in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results can be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

Conflicting Investor Interests. Investors can have conflicting investment, tax and other interests with respect to their investments in a Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts can arise in connection with decisions made by the Firm regarding an investment that is more beneficial to one investor than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, Equity International generally will consider the investment and tax objectives of a Fund and its investors as a whole, not the investment, tax or other objectives of any investor individually.

Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Fund will often decide to provide additional funds to such portfolio company or will have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Fund will make follow-on investments or that a

Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments can have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments can result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of a Fund's ownership in a portfolio company if a third party invests in such portfolio company.

General Risks Related to Real Estate Investment. The Fund's investments are subject to the risks incidental to the ownership and operation of real estate assets, including changes in the general economic climate, local, national or international conditions (such as an oversupply of space or a reduction in demand for space), competition based on rental rates, attractiveness and location of the properties and changes in the relative popularity of property types and locations, changes in the financial condition of tenants, buyers and sellers of properties, changes in operating costs and expenses, uninsured losses or delays from casualties or condemnation, changes in applicable laws, government regulations (including those governing usage, improvement and zoning) and fiscal policies, the availability of financing, interest rate levels, environmental liabilities, contingent liabilities, acts of God, acts of war (declared or undeclared), terrorist acts, cost of insurance and ability to insure against unforeseen events, work stoppages, shortages of labor, strikes, union relations and contracts, risks related to real estate development, fluctuating prices and supply of labor and or other labor-related factors and other factors beyond the control of Equity International, the Funds and their respective affiliates.

Non-Controlling Investments. The Funds principally hold minority stakes in privately held companies and in some cases have limited minority protection rights. In addition, during the process of exiting investments, a Fund at times can hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that a Fund can hold likely will not have the control characteristics of majority stakes nor the valuation premiums accorded to majority or controlling stakes. Where a Fund holds a minority stake, it can be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if a Fund has contractual rights to seek liquidity of its minority interests in such companies, it is often very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Expedited Transactions. Investment analyses and decisions by the General Partners and Equity International are frequently required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the General Partner or to the Firm at the time of making an investment decision can be limited, and it is possible that the General Partner or the Firm will not have access to detailed information regarding the investment. No assurance can be given that a General Partner or Equity International will have knowledge of all circumstances that can adversely affect an investment, and a Fund can make investments that it would not have otherwise made if more extensive due diligence had been undertaken. Certain facts with respect to an investment that only arise following its acquisition by a Fund can have a material adverse impact on the value of such investment.

Director Liability. The Funds will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies will obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Fund's investment activities.

Limitation of Recourse and Indemnification. The relevant Fund's Governing Documents limit the circumstances under which a General Partner and its affiliates will be held liable to a Fund. As a result, investors can have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the relevant Fund's Governing Documents will provide that such Fund will indemnify the General Partner and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the Fund. Such indemnification obligations have the potential to materially impact the returns to investors.

Litigation. In the ordinary course of its business, it is possible that a Fund will be subject to litigation from time to time. The outcome of such proceedings has the potential to materially adversely affect the value of a Fund and can continue without resolution for long periods of time. Any litigation can consume substantial amounts of the Firm's and the principals' time and attention, and that time and the devotion of these resources to litigation can, at times, be disproportionate to the amounts at stake in the litigation.

Advisory Board. When a Fund's Governing Documents establish an advisory board, that Fund's General Partner will appoint one or more investor representatives to the advisory board. The relevant Fund's Governing Documents provide that to the fullest extent permitted by applicable law, none of the advisory board members shall owe any fiduciary duties to a Fund or any other investor. In addition, representatives of an advisory board can have various business and other relationships with Equity International and its partners, employees and associates. These relationships can influence their decisions as members of the advisory board. To the extent that an investor is not directly represented by a member of the advisory board, such investor will have no influence over matters submitted to the advisory board for review or approval. On any issue involving actual conflicts of interest, Equity International will be guided by its good faith discretion.

In addition, members of one Fund's advisory board would likely also be a member of another Fund's advisory board. In such instances, a conflict of interest exists because the Funds with such overlapping advisory board members may have conflicting interests, and such advisory board members would be requested to provide their consent with respect to transactions which involve such conflicts of interest between two or more Funds on which such advisory board members serve, and such members are unlikely to recuse themselves from any such vote.

Cybersecurity Risk and Identity Theft. The Funds, their portfolio companies, their service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These information and technology systems are subject to a number of different threats or risks that could adversely affect the Funds

and their investors, despite the efforts of Equity International and its service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and their investors. For example, these systems are subject to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Third parties would potentially also attempt to fraudulently induce employees, customers, third-party service providers or other users of such systems to disclose sensitive information in order to gain access to Equity International's data or that of Fund investors.

To the extent that a portfolio company is subject to cyberattack, or other unauthorized access is gained to a portfolio company's systems, such portfolio company could be subject to substantial losses in the form of stolen, lost or corrupted: (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks would be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the Funds, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Equity International, or one of its affiliates or service providers holding its financial or investor data, Equity International, its affiliates or a Fund would also be at risk of loss.

Although Equity International has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Equity International, the Funds and/or a service provider thereof would have to make a significant investment to fix or replace system components. The successful penetration or circumvention of the security of these systems, or a failure of these service providers' systems and/or of disaster recovery plans for any reason could cause significant interruptions in Equity International's, the Funds' and/or a service provider's operations. This could result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors) and proprietary and/or confidential information relating to portfolio companies, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system and costs associated with system repairs. Such a failure could harm Equity International's, the Funds' and/or a service provider's reputation, subject any such entity and their respective affiliates to legal claims, compliance costs and otherwise affect their business and financial performance. In addition, Equity International would likely incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation which costs, under certain circumstances, would be borne by a Fund.

Early-Stage Investments. The Funds are permitted to invest in small or early-stage companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies often requires significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure

or substantial declines in value at any stage. There is no assurance that such investments by a Fund will be successful.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Fund's portfolio companies.

Public Company Holdings. A Fund's investment portfolio is permitted to contain securities and debt issued by publicly held companies. Such investments have the potential to subject such Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the principals, and increased costs associated with each of the aforementioned risks.

Economic Disruptions Due to a Viral Pandemic. The recent spread of COVID-19 (the "coronavirus") in certain countries, including the United States, has shown an ability to result in a broad-based economic decline and significant market volatility. Such pandemics present a new and developing threat and therefore presents material uncertainty and risk with respect to the Funds' performance and financial results. The global impact of such outbreaks are often rapidly evolving, and while the nature of the economic impact is expected to be most directly felt in countries experiencing more significant rates of infection, the nature of the global economy and supply chains means that even countries that remain at relatively low levels of infection are likely to experience market volatility and general economic declines. Because of the unpredictability of a virus' spread, as well as potential development and distribution of a vaccine to materially alter such spread, it is unclear as to how long such conditions are likely to exist or what the ultimate extent of such damage may be; however, in both cases, the total impact is expected to be magnified the longer or more widespread the pandemic becomes.

Aside from the broad effects on the economy, a global viral pandemic may also have specific implications for the Firm's operations and activities of its personnel, which may range from employees choosing to work from home to more significant impacts such as illness, restrictions on non-essential travel, difficulty hosting fundraising meetings and absence from company meetings. The Firm expects to institute procedures, as it deems appropriate, to deal with operational impacts from a viral pandemic. Many of these procedures may mirror procedures currently contained in the

Firm's Business Continuity Plan for dealing with other significant business disruption events. The Firm may consider additional or modified safeguards in the event employees choose to work from home for an extended period of time, such as if any changes are required to be instituted for remote login and/or to protect the privacy of Firm, Fund and investor data. Additionally, although the Funds generally invest on a long-term basis in privately held companies that are less correlated to broader market forces, the impact of a global economic slowdown has the potential to impact the Funds' performance and/or financial results by negatively affecting the Firm's ability to, among other things, source new investments, diligence such potential investments, exit current investments (or exit them at the valuations previously expected) or obtain financing. Depending on the specific industries in which the Funds' portfolio companies operate and where their supply and distribution chains are located, it is possible that a global viral pandemic could have an outsized impact on individual portfolio companies.

In addition to the potential impact on the Firm's operations and the overall profitability of a Fund, the Firm's portfolio companies may face their own challenges in dealing with a pandemic. These include, but are not limited to, the possibility that employees will have to work remotely or that their supply chain may be disrupted. The Firm may assist a portfolio company with implementing procedures to mitigate the impact of the coronavirus; however, there can be no assurance that such measures will be effective or that even if effective, that such portfolio company will not sustain significant financial losses.

Depending on the length and severity of a global viral pandemic, it is possible that Firm personnel will spend a significant amount of time and attention addressing implications from the coronavirus, including minimizing the impact at the Firm, the Funds or a specific portfolio company which time generally would have been devoted to activities on behalf of the Funds.

The following risk factors are applicable only to the Equity International Funds:

Non-U.S. Investments. The Funds invest substantially all of the aggregate Commitments in portfolio companies operating primarily in Emerging Markets. Such investments are typically subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, differences in accounting and valuation standards, lack of information regarding portfolio companies, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or its investors with respect to the Fund's income and possible non-U.S. tax return filing requirements for a Fund and/or its investors.

Certain of the countries and regions in which a Fund invests have experienced, and may in the future experience, fluctuation and instability (including deterioration) in their economies (ranging from mild to severe), which in some cases include extremely high inflation or collapses in real estate prices, credit markets, stock prices, currencies and/or consumer spending. Governments of Emerging Market countries may intervene to change monetary, fiscal, credit, tax and other policies to influence the economy of such countries (which changes can be retroactive in effect). Any investment in a non-U.S. country involves the risk of adverse social and political developments, including nationalization, confiscation without fair compensation, political and social instability

and war. Certain countries in which a Fund invests have experienced in the past, are experiencing currently and/or may in the future experience social and political instability that has the potential to adversely affect a Fund's investments in such countries. A portfolio company can also be adversely affected by inflation, exchange rate fluctuations, negative diplomatic developments, exchange controls and restrictions on remittances abroad, expansion or contraction of the economy, as measured by GDP growth rates, energy rationing, fiscal or monetary policy and amendments to the tax legislation, interest rates, difficulty enforcing legal rights, liquidity of domestic and foreign capital and lending markets, expropriation of privately owned land and environmental and sanitary laws and regulations.

Thus, such uncertainties and other future events in the economies of emerging market countries can have a material adverse effect on the business and results of operations of a portfolio company.

Additionally, the market prices of securities in countries in which a Fund's portfolio companies operate are influenced by economic and market conditions in other countries, particularly other emerging market countries, as well as the U.S. Although economic conditions in these other countries can differ significantly from economic conditions in countries in which such portfolio companies operate, the reaction of investors to events in these other countries can have an adverse effect on the market value of securities of a portfolio company. Crises in other emerging market countries have the potential to diminish investors' interest in securities of issuers operating in countries in which a portfolio company operates.

Furthermore, investments in companies operating in emerging and developing market countries can require significant government approvals under corporate, securities, exchange control, foreign investment and other similar laws and can require financing and structuring alternatives that differ significantly from those customarily used in more developed countries. When a Fund invests in non-U.S. portfolio companies, contracts and other agreements governing the rights of the Fund will, at times, be written in a local language and the Fund will have to rely on translations of such documents, errors in which could restrict the ability of the Fund to understand and enforce its rights. To the extent a dispute with local partners, portfolio companies or other local third parties results in litigation, a local court may exhibit bias against foreign litigants.

Hedging Arrangements. Equity International is permitted to (but is not obligated to) endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Fund often incurs costs related to such hedging arrangements, which are undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements can result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts can expose a Fund to additional liquidity risks if such contracts cannot be adequately settled.

Real Estate Investment in Non-U.S. Markets. The real estate market in non-U.S. markets is highly fragmented, and often lacks high-entry barriers that would restrict new competitors from entering the market. Such increased competition can erode future profitability by increasing land acquisition costs, or making it impracticable to acquire new land for real estate development on advantageous terms. Increased competition can also cause significant overbuilding which can result in increased vacancy rates, decreased sales volumes or prices and decreased rental rates. Competition can also reduce the prices that prospective portfolio companies of the Funds would otherwise be able to realize for real estate assets and by increasing marketing costs. Some of the competitors of a Fund's future portfolio companies might obtain access to financial resources under better conditions than such portfolio companies and, consequently, establish a capital structure that is better able to adapt to market pressures, principally in periods of instability in the real estate markets of Emerging Markets.

Distressed Investments. The Funds are permitted to invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the Firm will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations, or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund has the potential to lose some or all of its investment or perhaps will be required to accept illiquid securities with rights that are materially different than the original securities in which the Fund invested.

Non-Controlling Investments in Non-U.S. Markets. The protections afforded to minority shareholders under laws of non-U.S. countries are often different from those in the U.S. In particular, the legal framework and case law pertaining to disputes between shareholders and companies and their directors, officers or controlling shareholder, if any, are generally less developed than U.S. law and there can be different procedural requirements for bringing shareholder lawsuits, such as shareholder derivative suits, which differ from those investors are familiar with under U.S. and other laws. As a result, in practice it can be more difficult for a Fund, as a minority shareholder of its portfolio companies, to enforce its rights against a company and its directors, officers or controlling shareholders in such countries than it would be for shareholders of a U.S. company.

Foreign Taxation Risk. The after-tax results of operations of a Fund and the after-tax returns to investors will depend, in part, on the application of tax laws, regulations and tax treaties to such Fund, its portfolio companies and to investors. Taxation of proceeds from investments (such as capital gains, dividends, interest, rental income and services income generated from investments in portfolio companies or from direct investments) received by foreign investors varies among the countries in which the portfolio companies invest and, in some cases, can be higher (or lower) than in the U.S. In addition, many countries have continually evolving tax laws and procedures. Such laws permit retroactive taxation so that a Fund or the portfolio companies could in the future

become subject to unanticipated local tax liabilities. The results of operations and returns of a Fund and the portfolio companies could be adversely affected by any future changes in such tax laws, regulations or tax treaties. In addition, certain foreign jurisdictions impose tax liabilities or reporting obligations on indirect restructurings or transfers of interests in portfolio companies located in such jurisdictions (including through a restructuring of a Fund's investment in a portfolio company, or through a transfer of an investor's interest in a Fund).

Potential Conflicts of Interest

The material conflicts of interest that a Fund encounters include those discussed below and elsewhere in this Brochure. The following summary is not intended to be an exhaustive list of all conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact intensive and it is not possible to foresee every conflict of interest that will arise during a Fund's life. Investors should be aware that Equity International, its personnel and its affiliates will likely in the future engage in further activities that can result in additional conflicts of interest not addressed below. There can be no assurance that Equity International will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds. To the extent that Equity International identifies conflicts of interest in the future, the Firm intends to, but is under no obligation to, disclose these conflicts and their implications to investors through a variety of channels, including in subsequent Brochures or in other written or oral communications to the advisory boards or to investors.

Investment Allocation. From time to time, Equity International is presented with investment opportunities that would be suitable for more than one of the Funds and other co-investment vehicles operated by Equity International. The Firm generally will not commence the operation of a new pooled investment fund with objectives substantially similar to those of the Funds until the end of the investment period or such earlier time as described in each Fund's Governing Documents. During the investment period of each Fund, all appropriate investment opportunities will be pursued by Equity International principals through the Funds, subject to certain limited exceptions. Equity International's principals and investment staff will continue to manage and monitor such investments until their realization. In the future, Equity International intends to sponsor and manage a variety of investment funds with objectives, strategies, scope and investment criteria that will potentially be the same as, similar to or differ from the current Funds, provided that funds with a similar strategy are expected to be formed near the end of, or after the completion of, the investment period. Such funds and/or their respective portfolio companies have the potential to compete with the Funds and/or portfolio companies of the Funds.

In determining which investment vehicles should participate in such investment opportunities, Equity International and its affiliates are subject to potential conflicts of interest among the investors in such vehicles. Equity International is committed to allocating investment opportunities among the Funds in a manner that it determines is fair and equitable and consistent with its fiduciary obligations and the Governing Documents of the Funds. To determine whether and to what extent the Funds will participate in an investment opportunity, Equity International generally assesses whether an investment opportunity is appropriate for each relevant Fund and also considers certain factors, including, but not limited to, the amount of available capital commitments of the applicable Fund(s), anticipated future capital requirements of an investment opportunity, expected time to obtain liquidity, limitations in the Governing Documents of the

applicable Funds, investment guidelines, diversification guidelines, investment strategies and objectives, legal, tax and regulatory considerations and any other factors deemed relevant by Equity International.

Equity International's allocation of investment opportunities among the Funds is not always, and often will not, be proportional. Therefore, such allocations have the potential to be more advantageous to one Fund relative to another Fund. While Equity International will allocate investment opportunities in a way that it believes in good faith is fair and equitable to each Fund, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the potential conflicts of interest did not exist. It is Equity International's policy to allocate follow-on investments to the Fund that owns the applicable portfolio company. If a follow-on investment is to be made in a portfolio company owned by more than one Fund, such follow-on investment is typically made in the same proportions as the original investment, unless Equity International determines another proportion is appropriate. As a result of the foregoing policies, one Fund can invest in opportunities that another Fund has declined, or can decline to invest in opportunities in which another Fund has invested. Where necessary, Equity International will consult with and/or receive consent to conflicts from the requisite percentage interest of investors in, or an advisory board consisting of, investors or investor representatives in the applicable Funds and/or co-investment vehicles.

Investor Transfer of Interest. In certain cases, Equity International will have an opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of interest in a Fund. In the case of ordinary transfers, Equity International will not receive compensation for identifying such transferees and will use its discretion to select such transferees based on eligibility and other factors, and unless required by the relevant Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Exclusivity/Time and Attention. Certain Equity International personnel currently manage and/or are otherwise affiliated with several other businesses, investment funds and investments besides the Funds (which affiliations include holding trusteeships, directorships or officer positions with public entities), and such persons will on occasion be required to direct certain investment opportunities to those businesses, investment funds, investments and other entities. Such personnel will spend a portion of their business time and attention pursuing investment opportunities for these other businesses, investment funds and investments (other than on behalf of the Funds) and managing and monitoring such other businesses, investment funds and investments (including participation in corporate governance with respect to entities that such personnel are affiliated with). The Funds will have no interest in such opportunities, investments or entities.

Mr. Zell is the Founder and Chairman of Equity Group Investments, a private investment firm that holds investments in sectors such as real estate, finance, energy, transportation, communications and healthcare, within the U.S. and outside the U.S. Mr. Zell also holds significant investments in, and is the Chairman of, five public companies listed on the New York Stock Exchange: (i) Equity Residential, one of the largest apartment REITs in the United States; (ii) Equity

LifeStyle Properties, a manufactured home community REIT; (iii) Equity Commonwealth, a large U.S.-based office REIT; and (iv) Covanta Holding Corporation, an international owner/operator of energy-from-waste and power generation facilities. Through these companies and others, Mr. Zell and his associates and affiliates have a broad and varied range of investment interests.

Tom Heneghan, the CEO of Equity International, is the Vice Chairman of Equity LifeStyle Properties and serves on the board of Chai Trust Company, LLC, the owner, along with trusts and other entities established for the benefit of Mr. Zell and members of his family, of a majority interest in the Management Company.

Based on the foregoing, Messrs. Zell and Heneghan, as well as other members of the Equity International team, have the potential to encounter potential conflicts of interest in connection with their Fund-related activities.

Transactions with Affiliates. Equity International is subject to various conflicts of interest due to the fact that services are provided to the Funds by certain associated entities of the Firm. Certain associated entities of Equity International provide accounting, reporting and other administrative-type functions that would otherwise be performed for the Funds by third parties and, in such event, the Funds are permitted to reimburse such associated entities at cost for such services (including reasonable “employment costs” and related overhead expenses as determined by the relevant Fund General Partner). To date, the Funds have not reimbursed such associated entities for the cost of such services. In addition, the Funds retain certain associated entities of Equity International to provide services with respect to Fund investments that would otherwise be performed for the Funds by third parties.

Industry Relationships. As with many other private fund sponsors, as part of Equity International’s business, Equity International and its personnel have developed relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees and members of Equity International. Certain of these third parties will, on occasion: (i) introduce investment opportunities to Equity International; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies; (iii) introduce portfolio companies to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio companies; or (v) provide investment banking, consulting, legal or advisory services to Equity International, the Funds or portfolio companies. Such third parties also on occasion provide goods or services to or have business, personal, political, financial or other relationships with the principals. In addition, such third parties are sometimes investors in one or more Funds; co-invest in one or more portfolio companies; or provide other significant business or investment services to Equity International, the Funds and/or their portfolio companies. These relationships have the potential to influence Equity International in deciding whether to select or recommend any such third party to perform services for the Funds or a portfolio company. The cost of any services provided by such third parties will generally be borne by the Funds or its portfolio companies, as applicable.

Valuation of Assets. There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, the relevant General Partner will apply a

methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. Valuations are subject to multiple levels of review for approval. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values can differ from values that would have been determined had an active market existed for such securities and can differ from the prices at which such securities are ultimately sold. The exercise of discretion in valuation by a General Partner can give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of Carried Interest and the calculation of Management Fees.

Contingent Liabilities Upon Disposition. In connection with the disposition of an investment, the Funds and the General Partners are at times required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, *e.g.*, about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and can be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. Additionally, the Funds and/or General Partners can be subject to certain contingent liabilities with respect to taxes attributable to a particular portfolio company, including withholding or holdbacks of taxes arising from the disposition of a portfolio company, as well as taxes arising with respect to restructurings of holding company structures formed by a Fund for purposes of making a particular investment. These arrangements can result in contingent liabilities, which would be borne by a Fund and, ultimately, its investors.

Fund and Portfolio Company Expenses. The Funds will pay and bear all expenses related to its operations, including Management Fees and the costs of holding, monitoring, maintaining and disposing of portfolio companies, including investment banking fees and consulting fees, whether or not a Fund makes any profits. While it is difficult to predict the future expenses of a Fund, such expenses can be substantial and have the potential to surpass the Fund's operating income. The amount of these partnership expenses will reduce the actual returns realized by investors on their investment in a Fund (and can, in certain circumstances, reduce the amount of capital available to be deployed by a Fund for investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it is sometimes hard to budget or forecast. As a result, the amount of each Fund's expenses ultimately called or called at any one time have the potential to exceed expectations.

In addition, the Funds, through portfolio companies or directly, bear the cost, including compensation, of directors, executives or consultants to portfolio companies, which often include former senior principals or employees of Equity International, in connection with management or consulting services provided by such persons. Any such cost will generally not offset Management Fees paid to Equity International. Because such persons are former senior principals or employees of Equity International, Equity International could have a potential conflict of interest in approving such arrangement, although it seeks to do so generally at market rates for the services provided. There can be no assurance, however, that such rates are the lowest cost available.

Expense Allocations. Subject to any relevant restrictions or other limitations contained in the relevant Fund's Governing Documents, Equity International will allocate fees and expenses in a manner that it believes in good faith is fair and equitable under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, Equity International can be faced with a variety of potential conflicts of interest. As a general matter, expenses incurred on behalf of multiple Funds will be allocated among such Funds. The allocations of such expenses are not always proportional. Investors in a Fund are typically allocated (or otherwise bear) their pro rata share of such fees and expenses, which are calculated based on Commitments, invested capital, available capital or other metrics as determined by Equity International in its sole discretion and in accordance with its policies and procedures regarding expense allocation.

Equity International and its affiliates will from time to time incur fees, costs and expenses, including in connection with transactions not consummated, on behalf of the Funds. To the extent practicable, any fees, costs and expenses that are incurred in connection with a consummated investment will be charged to the applicable portfolio company. To the extent such fees, costs and expenses are not charged to a portfolio company, they will be paid by each Fund that participated or was expected to participate in such investment. To the extent a co-investment vehicle was contemplated but not formed and such co-investors were contractually committed to participate in such co-investment, such co-investors will bear broken deal expenses incurred in connection with such co-investment vehicle; to the extent there is no contractual commitment by co-investors, broken deal expenses will be borne by the relevant Fund. The Funds will typically bear a portion of any such fees, costs and expenses in proportion to the size of its actual or proposed investment, or in such other manner as Equity International considers, in good faith, to be fair and equitable.

There are occasions when one Fund (the "Payor Fund") pays an expense common to multiple Funds (the "Allocated Funds"). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. There are also occasions where the Firm or a Payor Fund pays an expense on behalf of a portfolio company. On such occasions, the portfolio company will reimburse the Firm or Payor Fund for the expense, without interest, and such reimbursement will not be subject to the fee offset provision.

Some expenses are incurred on behalf of one Fund which have the potential to benefit other Funds. For example, information Equity International obtains in connection with a Fund's research, due diligence and investment activities will be valuable to other Funds. Additionally, tools and resources developed at Equity International's expense will be the intellectual property of Equity International and not the Fund.

A conflict of interest could arise in Equity International's determination whether certain costs or expenses that are incurred in connection with the operation of the Funds meet the definition of Fund operational expenses for which the Funds are responsible, whether such expenses should be borne by Equity International or the manner in which Equity International allocates expenses among the Funds. The Funds will be reliant on the determinations of Equity International or an affiliate in this regard. From time to time, it is possible that subsequent review of allocations could result in an identification of expenses that should have been allocated in a different manner, in

which case measures would be undertaken to correct such circumstance, which might include a reversal of the original expense allocations, if possible, or such other equitable adjustment believed by Equity International to be the most appropriate corrective measure.

Borrowing. The Funds from time to time borrow funds or enter into other financing arrangements for various reasons, including to pay Fund expenses, to pay Management Fees or to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors). If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing generally would be used for all investors in such Fund on a pro rata basis, including the General Partner. In addition, credit facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds, in which case such borrowed funds would be guaranteed by such Funds, as they would be for any other borrowing by the Fund for any other purpose.

Although borrowings by a Fund has the potential to enhance overall returns that exceed the Fund's cost of capital, such borrowings increase the potential exposure of a Fund to a particular investment above the level the Fund would have typically made had an investment been limited to equity. Any such borrowings would further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of funds. To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions or a portfolio company borrows funds directly through the Fund facility, the Fund's investors generally make later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. In addition, a Fund's use of borrowed funds has the potential to impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and make net IRR calculations higher than they otherwise would be without Fund-level borrowing (especially where financing remains outstanding for longer durations), as these calculations generally depend on the amount and timing of capital contributions, which timing is delayed by virtue of the use of the line of credit. While a Fund will bear the expense of borrowed funds, such borrowings can also increase the Carried Interest received by the Fund's General Partner by effectively reducing or eliminating the preferred return received by the investors and accelerating or increasing distributions of Carried Interest to the relevant General Partner. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner has the potential to receive disproportionate benefits from such borrowings.

Borrowing by a Fund will generally be secured by Commitments made by investors to such Fund and/or by the Fund's assets, and documentation relating to such borrowing can provide that during the continuance of a default under such borrowing, the interests of the investors can be subordinated to such Fund-level borrowing, and the lenders have the ability to call capital directly from the investors. Moreover, tax-exempt investors should note that the use of borrowings by the Fund has the potential to cause the realization of UBTI.

Additionally, the Governing Documents of certain Funds permit each such Fund's General Partner, or its affiliates, to lend money to the applicable Fund. Such lending arrangements create conflicts of interest between the applicable General Partner or affiliate and the Fund acting as borrower.

Further, Funds have the ability to draw on, and have at certain times drawn on, their respective line of credit to facilitate bridge financing to a co-investment vehicle or a portfolio company. In such circumstances, the co-investment vehicle and/or portfolio company is not a guarantor on the line of credit although it did receive the benefit of the loan.

In the event a Fund borrows capital through a short-term loan facility to bridge an investment pending the receipt of capital contributions from the co-investment vehicle investors, subject to such Fund's Governing Documents, the Fund is generally entitled to receive (i) the principal amounts of the bridge financing (whether borrowed funds or capital contributions) and (ii) carrying cost generally equal to the preferred return of the Fund, plus expenses. In the event the bridge financing to the co-investment vehicle is not paid off within a specified period of time (as designated in the relevant Fund's Governing Documents) the bridge financing is treated as an ordinary Fund investment into the portfolio company or property.

Intangible Benefits. Equity International and its employees receive certain intangible and/or other benefits or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses often result in "miles" or "points" or credit in loyalty/status programs to Equity International and/or its employees, and such rewards or amounts will exclusively benefit Equity International and/or such employees and will not be subject to the offset arrangements or otherwise shared with such Fund, its investors or the portfolio companies.

ITEM 9—DISCIPLINARY INFORMATION

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

On occasion, in the ordinary course of its business, Equity International is named as a defendant in a legal action. Although there can be no assurance of the outcome of such legal actions, Equity International does not believe that any current legal proceeding or claim to which Equity International is a party, if any, would individually or in the aggregate materially affect the Firm's or the Funds' results of operations, financial position or cash flows.

ITEM 10—OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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

Equity International has no arrangements with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, other investment adviser, financial planner, futures commission merchant, commodity pool operator, commodity trading adviser, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer or sponsor or syndicate of limited partnerships that are material to its advisory business, the Funds or their investors. Equity International has and will continue to develop relationships with professionals who provide services, including legal, accounting, banking, investment banking, tax preparation, insurance brokerage, investment management services and other personal services. Some of these

professionals provide services to the Funds or their portfolio companies. Additionally, some of these professionals are investors in the Equity International Funds, either personally or through their company, or otherwise have relationships with Equity International affiliates.

The General Partners each generally qualify, and have filed for, an exemption from registration as a commodity pool operator with the National Futures Association and Commodity Futures Trading Commission (“CFTC”) pursuant to CFTC Regulation 4.13(a)(3) (*de minimis* amount of commodity interest trading). Similarly, the General Partners also qualify, and have filed for, an exemption from registration as a commodity trading adviser with the CFTC pursuant to CFTC Regulation 4.14(a)(8) (trading is *solely incidental* to investment advisory business).

The Management Company is affiliated with each of the General Partners and the relying adviser, both of which are subject to the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. The Management Company provides advisory services to the General Partners and other Equity International entities pursuant to management agreements. These General Partners operate as a single advisory business together with the Management Company and serve as managers or General Partners of Funds and other pooled vehicles and may share common owners, officers, partners, employees, consultants or persons occupying similar positions. The General Partners do not have employees of their own.

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

The Management Company receives and provides certain non-discretionary advisory and back office services to and from other related persons, including Chai Trust Company, LLC. Chai Trust Company, LLC is an Illinois trust company which serves as the trustee of various trusts related to Sam Zell and his family. Costs of any such services provided by Chai Trust Company, LLC are not charged to any of the Funds, unless otherwise specifically permitted by the applicable Fund’s Governing Documents. To date, the Management Company has borne all such costs.

From time to time, Equity International receives training, information, promotional material, meals, entertainment, gifts or prize drawings from vendors and others with whom the Funds does business or to whom Equity International makes referrals. At no time will Equity International accept any benefits, entertainment, gifts or other arrangements that are conditioned on directing individual client transactions to a specific security, product or provider. Similarly, Equity International employees have in the past, and expect to in the future, speak at and attend conferences and programs for potential investors interested in investing in private funds and other events that are sponsored by various investment bankers, broker-dealers or others. Through such capital introduction and other events, prospective investors have the opportunity to meet with Equity International. Neither Equity International nor any Fund compensates these investment bankers, broker-dealers or others for organizing such events or for investments ultimately made by prospective investors attending such events.

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

Equity International has adopted Equity International Code of Ethics and Securities Trading Policy (the “Code”) pursuant to Rule 204A-1 of the Advisers Act which sets forth standards of conduct that are expected of Equity International’s principals and employees and addresses conflicts that arise from personal trading, among other topics. The Code requires Equity International’s personnel to place Fund interests ahead of the Firm’s interests, to avoid taking advantage of his or her position and to maintain full compliance with the federal securities laws. The Code’s personal trading policies are designed to ensure that no Fund is disadvantaged by the transactions executed by Firm personnel and that personnel in no respect misappropriate any benefit belonging to a Fund.

Equity International personnel are prohibited from trading, either personally or on behalf of others, in securities while in possession of material nonpublic information regarding publicly traded securities or communicating material nonpublic information about such securities to others. The Firm maintains a restricted list of issuers about which it has or may have material nonpublic information. In furtherance of this objective, the Code requires Firm personnel to:

- report their personal securities transactions;
- pre-clear certain purchases of securities, including restricted list securities, initial public offerings and limited offerings; and
- comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, material nonpublic information.

Personnel are required to certify their compliance with the Code upon hire and on an annual basis. Equity International personnel who violate the Code will be subject to remedial actions, including censure, suspension or termination. A copy of the Code will be provided to any investor or prospective investor upon request to Equity International’s Chief Compliance Officer, at (312) 675-7400.

Certain Equity International principals, employees, their family members and affiliates of Equity International directly or indirectly own an interest in Funds or, as permitted by the terms of the applicable Fund's Governing Documents, certain co-investment vehicles. To the extent that co-investment vehicles exist, such vehicles invest in one or more of the same portfolio companies as the Funds. Equity International believes that such interests do not create a conflict of interest and instead operate to align the interests of principals and employees of Equity International with the Funds.

Equity International and its affiliates, principals and employees carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar. In addition, principals, employees and affiliates buy securities in transactions offered to but rejected by the Funds or that are outside the investment mandate of the Funds. The investment policies, fee arrangements and other circumstances of these investments vary from those of the Funds.

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

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, knowingly buys a security from or sells a security to an advisory client. This extends to any affiliates or controlling persons of the adviser (*i.e.*, an owner, employee or affiliate of the adviser). The SEC also views cross trades between Funds to be principal transactions if the adviser (and/or its affiliates, owners or controlling persons) owns, in the aggregate, 25% or more of either Fund. In the context of Equity International's business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future Fund or Equity International or a Fund General Partner purchasing the interest of an existing investor.

Agency cross transactions occur when an adviser or an affiliate arranges (*i.e.* acts as broker) between two or more different funds or accounts that are managed by the same adviser or an affiliate. Agency cross transactions can arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. An adviser is not "acting as a broker" if the adviser receives no compensation (other than the advisory fee earned in the ordinary course of managing the asset) for effecting the transaction and therefore is not considered to be conducting an agency cross transaction under Section 206(3) of the Advisers Act. In the context of Equity International's business, an agency cross transaction would occur when selling a portfolio company, investment or other asset from one Fund to another.

In the event Equity International were to recommend a principal transaction or agency cross transaction, it would only be after: (i) the Firm has determined the transaction to be in the best

interest of both participating Funds or clients; (ii) the transaction is permitted by the relevant Fund's Governing Documents; (iii) proper disclosure is given to the relevant General Partner, advisory board or investors, as appropriate; (iv) consent is obtained from the appropriate parties; and (v) the Firm ensures that best execution is achieved for the transaction.

ITEM 12—BROKERAGE PRACTICES

Equity International focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions. In pursuing privately-negotiated transactions, the Firm will, on occasion, engage the services of a broker-dealer or investment banker in connection with the purchase or sale of a portfolio company. In such privately-negotiated transactions, best execution is met by the consummation of the deal with the best possible terms for the Fund. Whether for private or public securities transactions, Equity International selects a broker-dealer or investment banker based on Equity International's best judgment of who can provide best execution and will consider a variety of factors as specified in its compliance manual, including but not limited to: Equity International's prior experience in working with the broker-dealer or investment banker; the broker-dealer or investment banker's execution capability, financial responsibility and reputation within the industry; the Funds' pre-existing accounts with the broker-dealer; the broker-dealer or investment banker's expertise in dealing with investments that may be restrictive or illiquid in nature; the value of any research services provided; and the commission rate, among other factors.

Although Equity International generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent, especially in private securities transactions that rely heavily on the specialty services or experience of a broker-dealer or investment banker that operate outside of a competitive bidding environment. Transactions that involve such specialized services on the part of the broker-dealer or investment banker may thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Equity International seeking to obtain best execution, brokerage commissions on Fund transactions are at times directed to broker-dealers in recognition of research, products or services not otherwise freely available to the public that is furnished by them (*i.e.*, "soft dollars"). Research provided by these broker-dealers is used to service Equity International's Funds as well as clients of its related person. Since Equity International does not expect to frequently engage in public securities transactions, the brokerage commissions paid by Equity International clients will at times apply towards payment for research services that might not benefit such Funds.

Equity International does not receive referrals in connection with selecting or recommending broker-dealers for the Funds and does not engage in directed brokerage. In the event the Firm were to aggregate the purchase or sale of securities for the Funds, it would do so on a pro rata basis.

ITEM 13—REVIEW OF ACCOUNTS

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, Equity International closely monitors companies in which the Funds invest. Decisions as to when to purchase or sell a portfolio company are made by the Management Company's investment committee. A team of investment professionals, which generally includes at least one principal and other investment professionals, and which may include the Chief Compliance Officer, reviews each Fund's portfolio on an ongoing basis to ensure that each Fund is maintained in accordance with its stated objectives.

Equity International will generally provide to investors, on behalf of the Funds, the following written reports: (i) annual audited financial statements prepared in accordance with U.S. GAAP as promulgated by the Financial Accounting Standards Board ("FASB"), accompanied by the report of the independent certified public accountant, within 120 days of fiscal year end; (ii) unaudited financial statements for the first three quarters of each fiscal year; (iii) annual tax information necessary for each partner's U.S. tax returns (K-1); and (iv) annually a statement of the determination of the value of each investment as of the end of the preceding calendar year. All reports are provided in writing and delivered through the Firm's investor portal.

In the course of conducting due diligence, internal reporting or otherwise, investors periodically request information pertaining to their investments. Equity International responds to these requests, and in answering these requests provides information that is not generally made available to other investors who have not requested such information. While Equity International does not have an obligation to update any such information provided, Equity International endeavors to provide the information requested in the most current form available. Additionally, upon request, certain investors receive additional information and reporting that other investors do not receive.

ITEM 14—CLIENT REFERRALS AND OTHER COMPENSATION

Equity International and/or its affiliates and relying adviser receive transaction fees, monitoring fees and reimbursements from the portfolio companies held by the Funds. These fees are paid pursuant to separate agreements entered into with the portfolio companies to provide certain consulting services that Equity International believes will ultimately enhance the value of the companies and benefit the Funds and their investors.

These types of fee arrangements present potential conflicts of interest and provide Equity International with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict, an allocable portion of such benefits received by Equity International or its employees, in connection with services rendered to portfolio companies or transactions of the Fund, are offset in part or in whole against (and therefore reduce) Management Fees payable by the Funds, to the extent described above and detailed in each Fund's Governing Documents.

From time to time, Equity International enters into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner

in a Fund. Unless otherwise specifically provided in the applicable Fund's Governing Documents, any fees or expenses payable to any such placement agents will generally be borne by Equity International either directly or indirectly through an offset against the Management Fee, although certain expenses incurred related to the services provided by these groups, including but not limited to travel, meal and entertainment expenses, are typically borne by the applicable Fund as organizational expenses. As some Funds do not pay Management Fees, any such reduction will not benefit such Funds. All placement agents engaged by Equity International are registered broker-dealers.

ITEM 15—CUSTODY

Equity International is deemed to have custody of the Funds' assets because of its affiliation with each Fund's General Partner and the General Partners' ability to deduct fees from Fund accounts. In order to comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), the Firm has elected to undergo annual financial audits by an independent public accountant registered with and subject to inspection by the Public Company Accounting Oversight Board for each of the Funds over which it is deemed to have custody. Copies of such audits are delivered to underlying investors within 120 days of year-end (or will be, for newly closed Funds), thus satisfying the Custody Rule's requirements. In addition, upon the final liquidation of a Fund, Equity International will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all underlying investors promptly upon completion of the audit. Investors in the Funds are encouraged to carefully review such financial statements.

Except in certain limited circumstances pertaining to certain privately offered securities to the extent permitted by the Advisers Act and as otherwise described in the compliance policies and procedures of Equity International, Equity International does not accept physical possession of client funds or securities; securities are held by the Firm's qualified custodians and called capital is directly sent or wired into the respective Fund's bank account. In compliance with applicable regulations, Equity International receives custodial account statements from the Fund's qualified custodians on behalf of the Funds. More information regarding Equity International's qualified custodians is available in the Firm's Form ADV Part 1, Schedule D, Section 7.B.(1).

ITEM 16—INVESTMENT DISCRETION

Equity International has discretionary authority to manage investments on behalf of the Funds, subject to the limited restrictions contained in the relevant Fund's Governing Documents. Equity International assumes this discretionary authority pursuant to the terms of (i) the Governing Documents, (ii) the investment management agreement between each Fund, the applicable General Partner and the Management Company and (iii) powers of attorney executed by the investors of each Fund. Equity International is not required to contact an investor prior to transacting any business once an investor executes these documents.

As a general policy, Equity International's only restrictions with respect to managing a Fund are contained in the relevant Fund's Governing Documents. As mentioned in Item 4 above, pursuant to the terms of the Governing Documents, Equity International has entered into side letter arrangements with certain investors whereby the terms applicable to such investor's investment in

a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other reasons. Other investors meeting certain Commitment thresholds can be provided with notification provisions regarding such side letter agreements but are not provided with consent rights over such agreements.

ITEM 17—VOTING CLIENT SECURITIES

Equity International has adopted Proxy Voting Policies and Procedures (the “Proxy Policy”) pursuant to Advisers Act Rule 206(4)-6 to address how it will vote proxies, as applicable, for the Funds’ portfolio companies. The Proxy Policy seeks to ensure that Equity International votes proxies, shareholder consents or similar instruments in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies.

By virtue of the Governing Documents of each Fund, Equity International has the authority to vote client proxy statements on behalf of the Funds. The majority of “proxies” received by Equity International are written shareholder consents or similar instruments for private companies. Equity International generally believes its interests are aligned with those of the Funds’ investors through the principals’ beneficial ownership interests in the Funds. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Equity International can address the conflict using several alternatives, including by seeking the approval or concurrence of the applicable advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. In general, investors cannot request that Equity International vote in a particular way on any specific proposal or when giving consent on a matter requiring the consent of shareholders.

Equity International does not consider service on portfolio company boards by Equity International personnel or third parties appointed by Equity International or Equity International’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies.

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

ITEM 18—FINANCIAL INFORMATION

The Management Company does not require or solicit prepayment of more than \$1,200 in Management Fees or other fees more than six months or more in advance. Equity International has no financial commitment that impairs its ability to meet its contractual commitments to investors. The Management Company has not been the subject of a bankruptcy petition at any time during the past ten years. There are no other events requiring disclosure under this item of the Brochure.