identify sufficient secondaries investment opportunities or that it will be able to acquire sufficient secondaries investments on attractive terms.

Risks of investing on a secondary basis in real estate and real estate-related assets

Secondary investments in investment funds that invest in real estate and real estate-related assets are subject to various risks, including adverse changes in national or international economic conditions, adverse local market conditions, the financial conditions of tenants, buyers and sellers of properties, changes in the availability or terms of financing, changes in interest rates, exchange rates, real estate tax rates and other operating expenses, environmental laws and regulations, zoning laws and other governmental rules and fiscal policies, energy prices, changes in the relative popularity of certain property types or the availability of purchasers to acquire properties, risks due to dependence on cash flow, risks and operating problems arising out of the presence of certain construction materials, as well as acts of God, uninsurable losses, war, terrorism, earthquakes, hurricanes, volcanoes or floods and other factors which are beyond the control of an investor.

Multiple levels of expense

The Fund and the underlying private equity funds in which it invests impose management and/or administrative costs, expenses and performance allocations. This will result in greater expense to the Investors than if such costs, expenses and allocations were not charged by the Fund and Investors were able to invest directly in the underlying private equity funds in which the Fund invests or the portfolio companies of those underlying funds.

Contingent liabilities associated with investment fund interests acquired in secondary transactions

Where the Fund acquires an interest in an investment fund in a secondaries transaction, such Fund may acquire contingent liabilities of the seller of the interest. More specifically, where the seller has received distributions from the relevant private equity fund and, subsequently, that private equity fund recalls one or more of these distributions, the Fund (as the purchaser of the interest to which such distributions are attributable and not the seller) may be obliged to return monies equivalent to such distributions to the private equity fund. While the Fund may, in turn, make a claim against the seller for any such monies so paid to the private equity fund, there can be no assurances that the Fund would prevail on such claim.

Underlying funds invest independently

The underlying funds in which the Fund will invest generally invest wholly independently of one another and may at times hold economically offsetting positions. To the extent that such underlying funds hold such positions, considered as a whole they may not achieve any gain of loss despite incurring fees and expenses in connection with such positions. In addition, a manager of such an underlying fund may be compensated based on the performance of its investments. Accordingly, there may often be times when a particular manager may receive incentive compensation in respect of its investments for a period even though the overall value of such underlying funds depreciated during such period.

Investors will not have any direct interest in a portfolio investment

The offering of the Interests does not constitute a direct or indirect offering of interests in portfolio investments. Investors will not be limited partners in the underlying funds in which the Fund will invest, will have no direct interest in such underlying funds and will have no voting rights in, or standing or recourse against, any such funds. Moreover, none of the Investors will have the right to participate in the control, management or operations of any such underlying fund or have any discretion over the management of any such underlying fund by reason of their investment in the Fund.

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