This investment summary is not an offering of securities for sale in any jurisdiction. Any offering to be made will be made only by means of a confidential private placement memorandum that will contain detailed information about the issuer, the interests in the issuer and the merits and risks of the offering. No sales will be made, no commitments to invest in the issuer will be accepted, and no money is being solicited or will be accepted, until the confidential private placement memorandum of the applicable partnership is made available to the prospective investors. Any indication of interest from prospective investors in response to this investment summary involves no obligation or commitment of any kind. Past performance is not necessarily indicative of future results.
Gramercy – Who We Are

- Event-driven hedge fund investors specializing in global distressed debt
- Established in 1998, Gramercy is an SEC Registered Investment Advisor and an NASD Registered Broker/Dealer
- Gramercy Emerging Market Fund (GEMF) launched in April 1999
- Unique combination of investment and risk management skills applied to inherently inefficient markets has generated a GEMF annual compound return of 18.9%
- Total assets under management - $575 million (October 18, 2004)
  - Gramercy Funds: $420 million
  - Gramercy Managed Accounts: $155 million
- Four-member Management Team – 21 Years average experience
Gramercy’s Competitive Advantages

<table>
<thead>
<tr>
<th>Distressed Debt Specialists</th>
<th>• Invests predominantly in distressed debt assets across all emerging markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consistent Absolute Returns</td>
<td>• Proven and consistent absolute returns (18.9% annual compound return)</td>
</tr>
<tr>
<td></td>
<td>• No down years in almost 6 full calendar years</td>
</tr>
<tr>
<td>Low Correlation</td>
<td>• Superior track record offers a low correlation to traditional asset classes and to long-only emerging market debt managers</td>
</tr>
<tr>
<td>Expertise on Both the Long and Short Side</td>
<td>• Consistent out-performance of indices by generating returns from both the long and short side</td>
</tr>
<tr>
<td>Buying Power</td>
<td>• Limited competition for emerging market distressed debt securities provides “buying-right opportunity” at very low valuations</td>
</tr>
<tr>
<td>Intensive Risk Management</td>
<td>• Proven expertise in maximizing upside appreciation while severely limiting downside risk</td>
</tr>
</tbody>
</table>
Gramercy – What We Do

• Aggressive participation in selected investments poised to sharply improve or deteriorate within a defined event horizon by taking a proactive role in realizing the investment thesis, capitalizing on both undervalued and overvalued situations

• Probability assessment of event success and time to conclusion in order to create maximum value for our investors

• Leverage Gramercy’s deep familiarity with a market or credit event and vigorously participate to shape the eventual outcome

• Capitalize on situations perceived as overvalued by shorting countries pursuing suspect macroeconomic policies

• Blending an opportunistic investment strategy with risk management expertise to deliver consistently positive investment performance with muted downside deviation
Gramercy – Our Resources

Four Member Management Team: 21 Years Average Experience
Robert Koenigsberger
Jay Johnston
Scott Seaman
Robert Rauch
## Strategy

<table>
<thead>
<tr>
<th>Fund</th>
<th>Description</th>
<th>Vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gramercy Emerging Mexico NPL Fund</td>
<td><strong>(GMNPLF)</strong> Event-driven US-dollar denominated fixed income fund focused on distressed, defaulted and/or technically impaired securities of sovereign, quasi-sovereign and corporate issuers in the emerging markets. Fund targets superior long-term rate of return through proactively managing a portfolio of distressed securities. Event-driven selection process uncovers value in securities undergoing or about to enter a distressed situation.</td>
<td>Onshore • 3C1 LLC &lt;br&gt; • 3C7 LLC &lt;br&gt; Offshore • Cayman LTD</td>
</tr>
<tr>
<td>Gramercy Mexico NPL Fund</td>
<td>Distressed Fund investing in portfolios of non-performing loans (“NPL”) sold by Mexican institutions, comprised of commercial, industrial, consumer and mortgage non-performing assets in the local Mexican market. Fund targets superior rate of return over a 4 to 5 year closed-end Fund life through proactively pursuing collections of self-liquidating portfolio assets.</td>
<td>Onshore • LLC</td>
</tr>
</tbody>
</table>
GEMF – Investment Philosophy

• **Philosophy:**
  Emerging market debt is an opportunistic asset class highlighted by a series of credit events and a market where capital, deployed opportunistically, can generate consistent absolute returns

• **Investment Objective:**
  To generate consistent absolute returns with low volatility while outperforming traditional asset classes

• **Investment Strategy:**
  Blending an opportunistic event-driven long/short investment approach with strong risk management tools to identify:

  • Pre-distressed situations—short positions
    • Countries pursuing suspect macro-economic policies which become vulnerable to external/internal shocks

  • Restructuring and turnaround situations—long positions
    • Situations where Gramercy can take a leadership role and turn the market’s perception
    • Proactively lead creditor committees and implement market-responsive consensual restructuring proposals
GEMF Goals and Results:
(From Inception: April 1999 – September 2004)

GEMF: Outperforms Traditional Asset Classes

GEMF: Offers Low Correlation To Other Asset Classes

GEMF: Excess Returns Per Unit of Risk Exceed Traditional Asset Classes
Two Distinct Approaches to Emerging Markets

<table>
<thead>
<tr>
<th>Index-Based</th>
<th>Event-Driven</th>
</tr>
</thead>
<tbody>
<tr>
<td>Believes emerging markets is a <strong>legitimate asset class</strong> where one’s capital should be deployed at all times</td>
<td><strong>Gramercy believes</strong> that emerging markets is an <strong>opportunistic asset class</strong> highlighted by a series of credit events, and a market to which capital should be deployed opportunistically</td>
</tr>
<tr>
<td>Classification as an opportunistic investment has been evidenced through a repeated pattern of emerging market countries and companies defaulting, restructuring and defaulting again</td>
<td></td>
</tr>
</tbody>
</table>
Support of Our Opportunistic Premise

<table>
<thead>
<tr>
<th>Country</th>
<th>Default</th>
<th>Classical Restructuring</th>
<th>Restructured via Brady Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>1982</td>
<td>1987</td>
<td>1993</td>
</tr>
<tr>
<td></td>
<td>1988</td>
<td></td>
<td>2004?</td>
</tr>
<tr>
<td></td>
<td>2001</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1988</td>
<td></td>
<td>2000</td>
</tr>
<tr>
<td></td>
<td>1999</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Again….?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>1991</td>
<td>1997</td>
<td>2000</td>
</tr>
<tr>
<td></td>
<td>1998</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Again….?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Investment Strategy: Event-Driven Distressed

**Recognizing when “Humpty Dumpty” is about to fall off the wall**
- Identify countries pursuing suspect macroeconomic policies which become vulnerable to external and internal shocks
- Recognize companies about to succumb to external financial pressures or lack of liquidity

**Pre-distress identification**

**Putting “Humpty Dumpty” back together again**
- Identify situations where Gramercy can take a leadership role and turn the market’s perception around
- Proactively lead creditor committees and implement market responsive consensual restructuring proposals

**Restructuring and Turnaround**
<table>
<thead>
<tr>
<th>Event</th>
<th>Impact</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moratorium or default on debt</td>
<td>Debtor’s action on its local and/or external debt instruments as well as currency devaluations <em>provides opportunity for significant returns in post-crisis environment</em></td>
<td>Russian London Debt .06 to .25 (Russian London Club Portfolio Managers, Inc.)</td>
</tr>
<tr>
<td>Indiscriminate portfolio liquidations</td>
<td>Often created by market turmoil and <em>provides buying opportunities as irrational level of selling takes place</em></td>
<td>CODAD .50 to .80 (Bogota Airport Bonds)</td>
</tr>
<tr>
<td>Technical factors</td>
<td>Can cause an asset to trade at deeply distressed levels <em>creating substantial buying opportunity with strong upside potential</em></td>
<td>BPI .30 to .55 (Nicaragua Land Bonds)</td>
</tr>
</tbody>
</table>
## Investment Strategy: Proactive + Opportunistic on the **Short** Side

<table>
<thead>
<tr>
<th>Event</th>
<th>Impact</th>
<th>Example</th>
</tr>
</thead>
</table>
| Anticipated moratorium of default on sovereign debt | Sovereign markets begin to trade lower as economic outlook deteriorates and macroeconomic policies are unsustainable. **Provides pricing opportunity to set shorts** | Argentina FRBs  
.90 to .20  
(Argentina defaults on all $140 billion of outstanding debt) |
| Impending default and restructuring of corporate debt | Creates indiscriminate selling by rules based investors, market turmoil and widening of spreads, **allows for shorting without revealing position to the street** | HLYSA, SA  
.70 to .50  
(Mexican steel company) |
| IMF package approved with little or no support from financial community | Creates numerous opportunities to sell into an initial up move. **Market tracks to a series of lower lows allowing for short covering, profit taking and resetting of shorts** | Brazil C and EI Bonds  
.98 to ?  
(Brazil sovereign debt 2004 default?) |
Risk Controls

Non-leveraged returns
- Not to exceed 1.5 : 1 – Has not been used since 1999
- High cash balances (historically 34%)

Portfolio diversification and loss limits
- 3 - 5% per position-entry concentration limit
- 35% stop loss per position calibrated to position size
- = 2% maximum loss per position

Limited credit concentration
- 20% limit per corporate issuer
- 35% limit per country: includes sovereign + corporate issuer

Security Selection
- US-dollar denominated securities only
- Securities governed by external jurisdiction (US, UK)
- Balance of less liquid corporate and extremely liquid EM bonds

Transparency
- Monthly independent administrator pricing
- Monthly independent client statement
- Monthly performance metrics
- Quarterly conference calls
- Annual independent audits
- Performance reports and client statements available online
GEMF: Consistently Positive Contributor to a Diversified Portfolio

Annual performance vs. indices April 1999 inception through September 2004
GEMF: Positive Distribution of Cumulative Net Returns

April 1999 inception through September 2004 (excludes compounding) – months per return size
GEMF Consistently Outperforms Benchmarks

Net performance of a $1 million investment April 1999 inception through September 2004

GEMF Net $2,587,696
GEMF: A True Distressed Hedge Fund, with Low Correlation to Emerging Markets

GEMF inception (April 1999) through September 2004 – 23 negative EMBI+ months:
GEMF outperformed in 21 of 23 months, positive in 15

80.1% GEMF outperformance during 23 negative EMBI+ months since April 1999
(23 month cumulative, non-compounded)
GEMF Increases Performance and Reduces Volatility of an Emerging Market Debt Portfolio

Efficient Frontier of GEMF and EMBI+ Combined Portfolios (April 1999 - September 2004)
GEMF vs. Distressed Indices: No Correlation

CSFB Distressed Index (Apr 99 - Sep 2004)

DJ Distressed Index (Jan 02 - Aug 2004)

DJ Event Driven Index (Jan 02 - Aug 2004)
Conclusions

• Proactive event-driven, distressed security investment management approach generates positive absolute returns

• Long-term positive track record outperforms traditional asset classes

• Strong risk management policies enforce prudent and disciplined process to an opportunity rich and inefficient market place

• Superior track record offers a low correlation to traditional asset classes