



CLAYMORE ASSET MANAGEMENT LTD.

P.O. Box 44, Suite C-2, Market Place, Providenciales, Turks & Caicos Islands, BWI  
Tel: 649 946 4109 - Fax: 649 946 4039 - Email: claymore@claymore.tc - Web: www.claymore.tc

May 19, 2004  
Transmitted Via Fax #: (703)714-8124

Attn: Debby Harman  
JER Partners Inc.  
1650, Tysson Blvd.  
Suite 1600  
McLean, Virginia 22102

Dear Sirs:

Re: Compensation Agreement

Following discussion and preliminary phone calls to and from your office (Muhammad & Robinson), I attach a draft Compensation Agreement for your review and comment (if any).

If you are happy with the Agreement as drawn please execute it and fax back for execution by "Emerald Star".

Yours faithfully,

*W.K. McCollum*  
W.K. McCollum

AP

FROM :

FAX NO. :

May. 14 2003 10:54AM P2

## COMPENSATION AGREEMENT

THIS COMPENSATION AGREEMENT, is entered into by and between JER PARTNERS, INC. (J.E. Roberts Company) hereinafter referred to as (JER) and EMERALD STAR INTERNATIONAL, INC. an Illinois for profit corporation, hereinafter referred to as (ESI), this 11<sup>th</sup> day of May, 2004.

WHEREAS, JER is the General Partner of JER Partners a commingled investment fund which is presently sponsoring a Limited Partnership vehicle to invest in real estate and real estate related assets; and

WHEREAS, JER desires to engage ESI as an independent contractor for the purpose of identifying potential institutional investors to acquire limited partnership interests in the Limited Partnership and to make appropriate introductions on behalf of JER to facilitate investments by institutional investors in partnerships sponsored by JER; and

WHEREAS, ESI has agreed to perform such services pursuant to the terms set forth herein.

NOW, THEREFORE, in consideration of these recitals and the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### SECTION 1. ENGAGEMENT

- 1.1 Duties. JER hereby engages ESI as an independent contractor upon the terms and conditions set forth in this Agreement. ESI is to identify prospective investors who fit the profile described by JER and introduce to JER and shall take all appropriate steps to facilitate appropriate introductions.
- 1.2 Best Efforts. ESI shall devote its best efforts and appropriate time to the performance of said duties but shall not be precluded from engaging in other business activities.
- 1.3 Taxes. ESI is an independent contractor hereunder and shall be responsible for payment of all federal and state taxes due on amounts paid hereunder and JER shall not withhold any amounts for federal, state or local income taxes or taxes or assessments that might be payable or be required to be withheld if ESI were an employee of JER.

FROM :

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## SECTION 2. TERM OF ENGAGEMENT

- 2.1 Term. The term of ESI's engagement with JER shall commence as of the date hereof and shall continue for a period of twenty-four (24) months from the date hereof (the "term"). Notwithstanding the foregoing, JER may mutually agree to renew this Agreement following the expiration of the Term upon terms that shall be mutually agreed upon.

## SECTION 3. COMPENSATION

- 3.1 Compensation. During the term of this Agreement, JER shall pay to ESI compensation equal to one percent (1%) of the total commitments any investor introduced by ESI to JER commits to JER's sponsored investments. It is further understood that one-half of the compensation to be paid by JER in connection with said commitments shall be paid within ten (10) days of any investor executing required subscription agreements with the balance to be paid in six months following the date of the first payment.
- 3.2 Disclosures. ESI understands that the payments required to be paid hereunder shall be disclosed to investors in JER who are introduced to JER by ESI and that JER shall otherwise comply with any federal and state statutes or regulations governing disclosure of placement or finder's fees associated with the sale of limited partnership interests.
- 3.3 Registration. ESI hereby warrants and represents that it has complied with all federal and/or state registration requirements applicable to ESI's activities contemplated by this Agreement.

## SECTION 4. MISCELLANEOUS

- 4.1 Assignment and Successors. Neither party may assign its rights and obligations under this Agreement without the other party's prior written consent.
- 4.2 Severability. If any provision or portion of this Agreement shall be or become illegal, invalid or unenforceable in whole or in part for any reason, such provision shall be ineffective only to the extent of such illegality, invalidity or unenforceability, without invalidating the remainder of such provision or the or the remaining provisions of this Agreement.

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- 4.3 Integration, Amendment and Waiver. This Agreement constitutes the entire Agreement among the parties hereto with respect to the subject matter hereof, superseding all prior arrangements and agreements, and may be modified, amended or waived only by a written instrument signed by all of the parties hereto.
- 4.4 Governing Law. This Agreement shall be construed, interpreted and the rights of the parties determined in accordance with and governed by the internal laws of the State of Illinois, without regard or reference to the choice of laws or conflict of laws principles or rules of the State of Illinois or of any other jurisdiction.
- 4.5 Interpretation. The headings contained in this Agreement are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement. In this Agreement, unless the context otherwise requires, the masculine, feminine and neuter genders and the singular and the plural include one another.
- 4.6 Non-Waiver of Breaches. The waiver by a party hereto of any default of any other party shall not be deemed to be a waiver of any subsequent default or other default by such party.
- 4.7 Counterparts. This Agreement may be executed in any number of counterparts by the parties hereto, each of which when so executed shall be deemed an original and all of which taken together shall constitute one and the same instrument.
- 4.8 Arbitration. Any controversy or claim arising out of or relating to this Agreement shall be resolved by a single arbitrator in accordance with the Commercial Rules of the American Arbitration Association at an arbitration proceeding held in Chicago, Illinois. The costs of the arbitration shall be paid one-half by each party. Each party shall be responsible for its own attorney fees, expert witness fees, and expenses (other than the costs of the arbitration). The award of the arbitrator shall be final and binding on the parties and non-appealable. The parties irrevocably consent to the exclusive jurisdiction and venue of the courts of the United States of America for the Northern District of Illinois and of the State of Illinois in downtown Chicago, Illinois in connection with the enforcement of any arbitration award and waive any and all objections to such jurisdiction or venue that may now or hereafter have.

FROM :

FAX NO. :

May. 14 2003 18:55AM PS

IN WITNESS WHEREOF, the parties herein have caused this Compensation Agreement to be duly executed as of the date first written above.

JER Partners, Inc.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Emerald Star International, Inc.

By: \_\_\_\_\_  
Title: \_\_\_\_\_