

REPORT FROM OPIC PROJECT TEAM TO INVESTMENT COMMITTEE

SECTION I: NON-CONFIDENTIAL PROJECT INFORMATION

Name of Fund	Paladin Realty Global Investors III, LP or an affiliate thereof (the “Fund”), to be established under the laws of Delaware in the United States.
Sponsor:	Palador Realty III, LLC (the “Fund Manager” of “Paladin”) is an affiliate of Paladin Realty Partners, LLC (the “Sponsor”) and will be the Fund Manager.
Fund Description:	The Fund Manager will target development opportunities within the real estate sector, with a primary focus on affordable housing. The remaining capital will be invested in the commercial and hospitality sectors. In general, the Fund Manager will target investments in capital constrained markets and demand-driven product types to achieve long-term capital appreciation, with a majority focus on Latin America and secondary focus on Eastern Europe, India and Turkey.
Target Fund Capitalization:	The target size of the Fund is \$300 million.
Proposed OPIC Loan:	OPIC loan of up to \$100 million in principal plus accrued and accreted interest thereon.
Term of Fund:	Up to ten years, with the possibility of two one-year extensions.
Selection Process	Working with the consultant Pension Consulting Alliance, the OPIC Evaluation Committee selected the Fund through the Investment Funds Department’s Housing Fund Call for Proposals process launched July 1, 2006. The Housing Call generated 19 proposals for various housing related strategies around the world. The Evaluation Committee short-listed 7 proposals for due diligence by the Project Team and eventually selected 6 proposals (including one with contingencies) as meeting the criteria outlined in the Housing Call.
Developmental Effects:	Due to the fund’s significant focus in low and middle-income housing, it will have a strong development impact in broadening the housing market and expanding the homeownership base of the target countries. The fund is also expected to stimulate new residential construction and facilitate the renewal of urban areas.
Environment:	The Fund will be required to ensure that all applicable OPIC statutory and policy requirements are met with respect to environmental issues for each portfolio company investment in which the Fund invests using the proceeds of the OPIC loan.