

# **Landmark Equity Partners III, L.P.**

**Financial Statements and Supplemental Schedules  
For the Period from January 1, 2014 through  
February 28, 2014 (Liquidation Basis) and the Year  
Ended December 31, 2013 (Going Concern Basis)**

**Landmark Equity Partners III, L.P.**  
**Index to Financial Statements**  
**February 28, 2014 (Liquidation Basis) and**  
**December 31, 2013 (Going Concern Basis)**

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## Independent Auditor's Report

To the General Partner of  
Landmark Equity Partners III, L.P.

We have audited the accompanying financial statements of Landmark Equity Partners III, L.P. (the "Partnership"), which comprise the statement of assets, liabilities and partners' capital as of February 28, 2014 (liquidation basis) and December 31, 2013 (going concern basis) and the related statements of operations, of cash flows, and of changes in partners' capital for the period from January 1, 2014 to February 28, 2014 (liquidation basis) and the year ended December 31, 2013 (going concern basis).

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Partnership's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Landmark Equity Partners III, L.P. at February 28, 2014 (liquidation basis) and December 31, 2013 (going concern basis), and the results of its operations, cash flows, and changes in partners' capital for the period from January 1, 2014 to February 28, 2014 (liquidation basis) and the year

ended December 31, 2013 (going concern basis), in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the Partnership liquidated as of February 28, 2014 and changed its basis of accounting from the going concern basis (which assumes the entity will continue in operation for the foreseeable future) to the liquidation basis of accounting on January 1, 2014. Our opinion is not modified with respect to this matter.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules on pages 13 through 18 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*PricewaterhouseCoopers* LLP

Hartford, Connecticut  
April 7, 2014

**Landmark Equity Partners III, L.P.**  
**Statements of Assets, Liabilities and Partners' Capital**  
**February 28, 2014 (Liquidation Basis) and**  
**December 31, 2013 (Going Concern Basis)**

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	February 28, 2014	December 31, 2013
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 1,905,635
Distribution receivable	-	53,338
Other assets	-	888
Total Assets	\$ -	\$ 1,959,861
<b>Liabilities and Partners' Capital</b>		
<b>Liabilities</b>		
Accrued expenses	\$ -	\$ 25,325
<b>Partners' capital</b>		
Contributed capital	281,451,515	281,451,515
Cumulative net investment income (loss)	(50,386,100)	(50,363,764)
Cumulative net realized gain (loss)	620,643,133	620,643,133
Cumulative distributions	(851,708,548)	(849,796,348)
Total Partners' Capital	-	1,934,536
Total Liabilities and Partners' Capital	\$ -	\$ 1,959,861

The accompanying notes are an integral part of these financial statements.

**Landmark Equity Partners III, L.P.****Statements of Operations****For the Period from January 1, 2014 through February 28, 2014 (Liquidation Basis)  
and Year Ended December 31, 2013 (Going Concern Basis)**

	January 1, 2014 Through February 28, 2014	Year Ended December 31, 2013
<b>Investment income</b>		
Interest income	\$ 12	\$ 14
<b>Expenses</b>		
Professional fees	17,200	30,832
Insurance expense	2,888	1,773
Other expenses	2,260	3,030
Total expenses	22,348	35,635
Net investment income (loss)	(22,336)	(35,621)
Net realized gain (loss) on investments	-	121,915
Net increase (decrease) in partners' capital from operations	\$ (22,336)	\$ 86,294

The accompanying notes are an integral part of these financial statements.

## Landmark Equity Partners III, L.P.

### Statements of Cash Flows

For the Period from January 1, 2014 through February 28, 2014 (Liquidation Basis)  
and Year Ended December 31, 2013 (Going Concern Basis)

	January 1, 2014 Through February 28, 2014	Year Ended December 31, 2013
<b>Cash flows from operating activities</b>		
Net increase (decrease) in partners' capital from operations	\$ (22,336)	\$ 86,294
Adjustments to reconcile net increase (decrease) in partners' capital from operations to net cash provided by (used for) operating activities:		
Net realized (gain) loss on investments	-	(121,915)
Distributions received from investee limited partnerships	53,338	1,606,028
Changes in assets and liabilities:		
Other assets	888	(888)
Accrued expenses	(25,325)	(3,850)
Net cash provided by (used for) operating activities	6,565	1,565,669
<b>Cash flows from financing activities</b>		
Distribution to Partners	(1,912,200)	-
Net cash provided by (used for) financing activities	(1,912,200)	-
Net increase (decrease) in cash and cash equivalents	(1,905,635)	1,565,669
Cash and cash equivalents, beginning of period	1,905,635	339,966
Cash and cash equivalents, end of period	\$ -	\$ 1,905,635

The accompanying notes are an integral part of these financial statements.

**Landmark Equity Partners III, L.P.**  
**Statements of Changes in Partners' Capital**  
**For the Period from January 1, 2014 through February 28, 2014 (Liquidation Basis)**  
**And Year Ended December 31, 2013 (Going Concern Basis)**

	Limited Partners	General Partner	Total Partners' Capital
<b>Balance at December 31, 2012</b>	\$ 1,646,784	\$ 201,458	\$ 1,848,242
Net investment income (loss)	(31,743)	(3,878)	(35,621)
Net realized gain (loss) on investments	108,627	13,288	121,915
<b>Balance at December 31, 2013</b>	<u>\$ 1,723,668</u>	<u>\$ 210,868</u>	<u>\$ 1,934,536</u>
Net investment income (loss)	\$ (19,898)	\$ (2,438)	(22,336)
Distributions to Partners	(1,703,770)	(208,430)	(1,912,200)
<b>Balance at February 28, 2014</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE: The allocation of profits, losses and distributions is described in Note 4 to the financial statements. The allocations of profit and loss above include the General Partner's carried interest allocation of \$(2,234) and \$8,629 for the period from January 1, 2014 through February 28, 2014 and the year ended December 31, 2013, respectively.

The accompanying notes are an integral part of these financial statements.



**Landmark Equity Partners III, L.P.**  
**Notes to Financial Statements**  
**February 28, 2014 (Liquidation Basis) and**  
**December 31, 2013 (Going Concern Basis)**

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**1. Organization and Purpose**

Landmark Equity Partners III, L.P. (the "Partnership") is a Delaware limited partnership formed on November 9, 1992. The General Partner of the Partnership is Landmark Partners III, L.P., a Delaware limited partnership (the "General Partner"). The partners of Landmark Partners III, L.P. are Landmark Advisers Inc. ("Landmark") and certain officers of Landmark (together referred to as the Partnership's "Management"). The Partnership's operations commenced on March 31, 1993 upon initial capitalization by the General and Limited Partners (collectively the "Partners"). On three separate occasions between 1996 and 2003, the Partnership released a total of \$30,290,909 of outstanding partner capital commitments due to a terminated investment period and minimal future capital commitments. As of February 28, 2014 and December 31, 2013, total adjusted committed capital of the Partnership was \$281,451,515, of which the General Partner represents 1%, and 100% has been contributed.

The Partnership was formed to acquire a diversified portfolio of interests in established buy-out funds through secondary market purchases. The Partnership reached the end of the extension period on December 31, 2009. The General Partner received notification of the liquidation of its underlying investments in December, 2013. As a result, the Partnership adopted the liquidation basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP") effective January 1, 2014. Under the liquidation basis of accounting, assets are stated at their net realizable values, liabilities are stated at their settlement amount and all expenses of liquidation have been recognized. The amount of the final distribution of the Partnership was determined after the final discharge of liabilities. The Partnership was liquidated on February 28, 2014.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation and Use of Estimates**

The Partnership adopted the liquidation basis of accounting in conformity with GAAP effective January 1, 2014. Prior to this adoption, the financial statements have been presented on the going concern fair value basis of accounting in conformity with GAAP, which required Management to make estimates and assumptions that affect the reported amounts of the Partnership's investments, Partners' capital, revenue and expenses. Actual results were consistent with those estimates.

**Portfolio Valuation**

In accordance with the authoritative guidance on fair value measurements and disclosures under GAAP, the Partnership discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level III measurements). The guidance establishes three levels of the fair value hierarchy as follows:

- Level I - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Partnership has the ability to access at the measurement date;

**Landmark Equity Partners III, L.P.**  
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Level II - Inputs (other than quoted prices included in Level I) that are either directly or indirectly observable for the asset or liability, including inputs in markets that are not considered to be active;

Level III - Inputs that are unobservable.

Inputs are used in applying the valuation techniques and broadly refer to the assumptions that Management uses to make valuation decisions, including assumptions about risk. Inputs may include recent transactions, earnings forecasts, market multiples, future cash flows, discount rates and other factors. A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. However, the consideration of what constitutes "observable" requires significant judgment by Management. Management considers observable data to be market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. An investment's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation and does not necessarily correspond to Management's perceived risk of that investment.

The fair value of the Partnership's investments is determined in good faith by Management. Further, where applicable, fair value is based on observable market prices or parameters, or derived from such prices or parameters. Where observable prices or inputs are not available, Management uses one or more valuation techniques for which sufficient and reliable data is available. These valuation techniques involve some level of Management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instrument's complexity. Because of the inherent uncertainty in valuing privately held securities, the fair value used in the Schedule of Investments in Limited Partnerships may differ from the values that would have been used had a ready market for such securities existed, and the difference could be material.

**Investments in Limited Partnerships**

The Partnership's investment portfolio consists primarily of limited partnership interests in buy-out funds. Investments in limited partnerships for which readily ascertainable market values are not available are reported at estimated fair value as determined by Management or at the investment net asset value ("NAV") as a practical expedient. Investments in limited partnerships are generally valued based upon the most recent NAV or capital account information available from the general partner of the investment limited partnership, taking into consideration, where applicable, other information determined to be a reliable indicator of fair value. The values assigned to investments in limited partnerships are based upon available information and do not necessarily represent amounts which might ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been realized had a ready market for the investments existed and those differences could be material.

The Partnership acquired interests in certain limited partnerships for a purchase price that was less than the fair values of the underlying limited partnership interests ("net purchase discount"). The net purchase discount has been fully recognized.

The Partnership's cost basis in a limited partnership is initially equal to the purchase price of the investment. The Partnership's cost basis in investments in limited partnerships is then increased by contributions to the investments, increased or decreased by realized profit and losses, and decreased by distributions received from the investments.

**Landmark Equity Partners III, L.P.**  
**Notes to Financial Statements**  
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Disposal of investments in limited partnership interests can occur through a sale of the interest to another party or by termination/liquidation of the investee limited partnership. These investments provide for no liquidity or redemption, are not readily marketable and require consent of the related general partner to complete a transfer of interest.

**Cash and Cash Equivalents**

Cash and cash equivalents consisted of cash held at the bank and highly liquid debt instruments with original maturities of three months or less. At times, bank deposits may be in excess of the federal insured limit.

**Recognition of Profits and Losses**

The Partnership's proportionate share of the aggregate net investment income (loss) and net realized gains (losses) as reported by the general partner of each of the underlying investments in limited partnerships, is reflected in the accompanying statement of operations as net realized gain (loss) on investments. The cost basis and fair value of each investment in limited partnership is increased or decreased by this amount.

Changes in unrealized appreciation (depreciation) from each of the underlying investments in limited partnerships are included in the accompanying statements of operations. The fair value of each investment in limited partnership is increased or decreased by this amount.

**Investment Income and Expenses**

Investment income and expenses are recognized on the accrual basis of accounting. Expenses consist of permitted expenses in accordance with the terms of the Partnership Agreement.

**Income Taxes**

No federal or state income taxes have been reflected in the accompanying financial statements since the Partners report their distributive share of the Partnership's results of operations in their respective income tax returns. Management has reviewed the Partnership's tax return for all open years and has concluded that provision for income tax was not required in the Partnership's financial statements.

Uncertain tax positions are evaluated to determine whether the Partnership needs to record a liability for an estimated contingent loss if the information available indicates that it is more likely than not there is a tax liability incurred at the date of the financial statements. No income tax liability for uncertain tax positions has been recognized in the accompanying financial statements.

The Partnership files tax returns as prescribed by the tax laws of the jurisdictions in which it, or an underlying company investment operates. In the normal course of business, the Partnership is subject to examination by federal, state, local and foreign jurisdictions, where applicable. As of February 28, 2014 and December 31, 2013, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations is from the year 2010 forward (with limited exceptions).

**3. Fair Value Measurement**

All of the Partnership's investments in limited partnerships have been classified within Level III as they have unobservable inputs which are significant to the investment valuation and trade infrequently or not at all (see Note 2).

**Landmark Equity Partners III, L.P.**  
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Level III investments may be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by Management in the absence of market information. The fair value measurement of Level III investments does not include transaction costs that may have been capitalized as part of the security's cost basis.

The following table includes a rollforward of the amounts for the year ended December 31, 2013 for investments classified within Level III. No investments were held by the Partnership for the period from January 1, 2014 through February 28, 2014.

	<b>Portfolio Investments</b>
Fair value at December 31, 2012	\$ 1,537,451
Distributions received from investee limited partnerships	(1,659,366)
Net realized gain (loss) on investments	121,915
Fair value at December 31, 2013	<u>\$ -</u>

The net realized gain (loss) on investments in the table above is reflected in the accompanying statements of operations. There was no activity for the period from January 1, 2014 through February 28, 2014.

The Partnership estimates the fair value of its investments in accordance with specialized accounting guidance for Investment Companies. Accordingly, in circumstances in which net asset value is equivalent to fair value, the Partnership utilizes the net asset value of the investment (or its equivalent) without further adjustment.

**4. Allocation of Partnership Profits and Losses**

Net increase or decrease in partners' capital from operations of the Partnership is allocated, in accordance with the Partnership Agreement, to the capital accounts of the Partners so that the capital accounts reflect the value that the Partners would be entitled to receive if all assets were liquidated and the proceeds were distributed in accordance with the terms of the Partnership Agreement as of the balance sheet date.

The Partnership Agreement specifies that net income will be allocated in proportion to capital contributions until all of the Partners have been allocated an amount necessary to provide the Partners with a cumulative per annum return on unreturned capital contributions of 10% and a return of their capital contributions. Thereafter, net income will be allocated such that the General Partner receives 10% of all previously allocated net gains ("post-recovery catch-up"), then 90% to the Partners in proportion to their respective capital contributions, and 10% to the General Partner.

Net losses will be allocated first to the General Partner to the extent of post-recovery catch-up and then to all Partners in proportion to capital contributions. If any Limited Partner's capital account is reduced to zero through losses and distributions, further losses shall be allocated entirely to the General Partner. Subsequent income will be allocated to the General Partner to the extent necessary to offset any losses so allocated.

**Landmark Equity Partners III, L.P.**  
**Notes to Financial Statements**  
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The Partnership's distribution provisions are consistent with the allocation provisions described above. Distributions of cash and/or property shall be made at such times as determined by the General Partner.

Upon liquidation, the remaining assets, gains and losses of the Partnership were allocated pursuant to the Partnership Agreement.

As of February 28, 2014 and December 31, 2013, none of the Limited Partners have a greater than 10% share of the Partnership's capital commitments.

**5. Investment Advisory Services and Fees**

No investment advisory fees have been charged since expiration of the Partnership's extended term.

**6. Risk Factors**

The Partnership's investing activities expose it to various types of risk that are associated with the investments and markets in which it invests. The significant types of financial risks to which the Partnership is exposed may include, market risk, liquidity risk, and other additional risks. Certain aspects of those risks are addressed below.

**Market Risk**

Market risk encompasses the potential for both losses and gains and includes price risk and interest rate risk.

**Concentration Risk**

The partnership has made investments in limited partnerships concentrated in various industries domiciled in various regions. Consequently, limited partnership performance may be favorably or unfavorably affected by the performance of individual investments in those regions.

**Operational Risk**

Operational risk is the potential for loss caused by a deficiency in information, communications, transaction processing and settlement, and accounting systems. Management and its service providers maintain controls and procedures for the purpose of mitigating operational risk.

**Legal, Tax and Regulatory Risks**

Legal, tax and regulatory changes could occur during the term of the Partnership that may adversely affect the Partnership, its investments or its Partners.

The Partnership may be subject to a variety of legal risks, particularly in consequence of the possibility that one or more limited partnership investment or underlying portfolio company will face financial or other difficulties during the term of the Partnership's investment. The limited partnership interests and underlying portfolio companies will generally involve a significant degree of financial and/or business risk. The limited partnership investments and the portfolio companies may face intense competition, changing business, political or economic conditions, or other developments that may adversely affect their performance.

**Landmark Equity Partners III, L.P.**  
**Notes to Financial Statements**  
**February 28, 2014 (Liquidation Basis) and**  
**December 31, 2013 (Going Concern Basis)**

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**7. Contingencies and Commitments**

In conjunction with the Partnership's investment activities, the Partnership is a party to agreements having certain representations and warranties. As such, the Partnership may, from time to time, be party to suits and claims arising in the normal course of business. Management is not aware of any such suits or claims.

In the normal course of business, the Partnership enters into contracts that contain a variety of representations and warranties and which may provide general indemnifications. The Partnership's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Partnership that have not yet occurred. However, based on experience, Management expects the risk of loss to be remote.

**8. Financial Highlights**

The Partnership is required to disclose the following financial highlights for the Limited Partners' interest in the Partnership. The ratios of total expenses to weighted average Limited Partners' capital and of net investment income (loss) to weighted average Limited Partners' capital are calculated for the Limited Partners as a class for the period from January 1, 2014 through February 28, 2014 and for the year ended December 31, 2013. Internal rate of return ("IRR") of the Limited Partners since inception has been computed based on monthly cash flows and the residual value at the end of the period, net of all incentive allocations and fees.

	January 1, 2014 Through February 28, 2014	Year Ended December 31, 2013
Total expenses to weighted average Limited Partners' capital	1.20 %	1.93 %
Total expenses plus General Partner profit allocation to weighted average Limited Partners' capital	1.06 %	2.45 %
Net investment income (loss) to weighted average Limited Partners' capital	(1.19) %	(1.93) %

The net IRR of the Limited Partners since inception is 33.58% as of February 28, 2014 and December 31, 2013.

The ratios and returns above are based on investment values as reported in the accompanying financial statements. An individual investor's total expense ratio, total expenses plus General Partner profit allocation ratio, net investment income (loss) ratio and net IRR may vary based on the timing of capital transactions. The total expenses and net investment income (loss) ratios reflect the expenses and net investment income (loss) of the Partnership as reported on the accompanying statement of operations and therefore do not include the Partnership's share of expenses and net investment income (loss) from its investments in limited partnerships.

**9. Subsequent Events**

The Partnership has evaluated the events and transactions that have occurred through April 7, 2014, the date the financial statements were available for issuance, and identified no events or transactions that have occurred requiring recognition or disclosure in the financial statements.

## **Supplemental Schedules**

**Landmark Equity Partners III, L.P.**  
**Supplemental Schedule – Statement of Changes in Partners' Capital**  
**For the Period from January 1, 2014 through February 28, 2014 (Liquidation Basis)**

Schedule I

Partner's Name	Partners' Capital at December 31, 2013	Net Investment Income (Loss)	Distributions to Partners	Partners' Capital at February 28, 2014
Commonwealth of Pennsylvania, Public School Employees' Retirement System	\$ 167,555	\$ (1,939)	\$ (165,616)	-
	139,629	(1,617)	(138,012)	-
	139,629	(1,617)	(138,012)	-
	139,629	(1,617)	(138,012)	-
	83,781	(973)	(82,808)	-
	67,024	(778)	(66,246)	-
	16,760	(198)	(16,562)	-
	11,171	(130)	(11,041)	-
	26,035	(299)	(25,736)	-
	85,658	(983)	(84,675)	-
	55,850	(645)	(55,205)	-
	55,850	(645)	(55,205)	-
	55,850	(645)	(55,205)	-
	97,739	(1,130)	(96,609)	-
	55,850	(645)	(55,205)	-
	27,923	(320)	(27,603)	-
	27,923	(320)	(27,603)	-
	41,888	(484)	(41,404)	-
	26,806	(308)	(26,498)	-
	27,923	(320)	(27,603)	-
	11,171	(130)	(11,041)	-
	11,171	(130)	(11,041)	-
	6,701	(76)	(6,625)	-
	3,072	(36)	(3,036)	-
	3,072	(36)	(3,036)	-
	27,923	(320)	(27,603)	-
	27,923	(320)	(27,603)	-
	27,923	(320)	(27,603)	-
	27,923	(320)	(27,603)	-



**Landmark Equity Partners III, L.P.**

**Supplemental Schedule – Statement of Changes in Partners' Capital**

**For the Period from January 1, 2014 through February 28, 2014 (Liquidation Basis)**

**Schedule I**

Partner's Name	Partners' Capital at December 31, 2013	Net Investment Income (Loss)	Distributions to Partners	Partners' Capital at February 28, 2014
	27,923	(320)	(27,603)	-
	19,689	(229)	(19,460)	-
	11,171	(130)	(11,041)	-
	5,585	(64)	(5,521)	-
	16,755	(193)	(16,562)	-
	16,755	(193)	(16,562)	-
	11,171	(130)	(11,041)	-
	13,962	(161)	(13,801)	-
	13,036	(152)	(12,884)	-
	13,032	(153)	(12,879)	-
	13,032	(153)	(12,879)	-
	2,792	(32)	(2,760)	-
	1,114	(10)	(1,104)	-
	1,114	(10)	(1,104)	-
	1,114	(10)	(1,104)	-
	1,114	(10)	(1,104)	-
	1,114	(10)	(1,104)	-
	8,382	(101)	(8,281)	-
	5,584	(63)	(5,521)	-
	5,584	(63)	(5,521)	-
	2,792	(32)	(2,760)	-
	1,678	(22)	(1,656)	-
	1,396	(16)	(1,380)	-
	1,396	(16)	(1,380)	-
	840	(12)	(828)	-
	268	8	(276)	-
<b>Total Limited Partners' Capital</b>	<b>1,723,668</b>	<b>(19,898)</b>	<b>(1,703,770)</b>	<b>-</b>
<b>General Partner</b>	<b>210,868</b>	<b>(2,438)</b>	<b>(208,430)</b>	<b>-</b>
<b>Total Partners' Capital</b>	<b>\$ 1,934,536</b>	<b>\$ (22,336)</b>	<b>\$ (1,912,200)</b>	<b>\$ -</b>

(1) Participation through Group Trust

**Landmark Equity Partners III, L.P.  
Supplemental Schedule – Statement of Changes in Partners' Capital  
For the Year Ended December 31, 2013 (Going Concern Basis)**

**Schedule II**

Partner's Name	Partners' Capital at December 31, 2012	Transfer of Limited Partnership Interest	Net Investment Income (Loss)	Net Realized Gain (Loss) on Investments	Partners' Capital at December 31, 2013
Commonwealth of Pennsylvania, Public School Employees' Retirement System	\$ 160,081	-	\$ (3,085)	\$ 10,559	\$ 167,555
	133,399	-	(2,570)	8,800	139,629
	133,399	-	(2,570)	8,800	139,629
	133,398	-	(2,569)	8,800	139,629
	80,043	-	(1,541)	5,279	83,781
	64,035	-	(1,234)	4,223	67,024
	16,012	-	(309)	1,057	16,760
	10,672	-	(205)	704	11,171
	24,874	-	(481)	1,642	26,035
	81,843	-	(1,581)	5,396	85,658
	53,359	-	(1,029)	3,520	55,850
	53,359	-	(1,029)	3,520	55,850
	53,359	-	(1,029)	3,520	55,850
	53,359	40,020	(1,800)	6,160	97,739
	53,359	-	(1,029)	3,520	55,850
	26,677	-	(514)	1,760	27,923
	26,677	-	(514)	1,760	27,923
	40,020	-	(772)	2,640	41,888
	40,020	(40,020)	-	-	-
	25,609	-	(493)	1,690	26,806
	26,677	-	(514)	1,760	27,923
	10,672	-	(205)	704	11,171
	10,672	-	(205)	704	11,171
	6,404	-	(125)	422	6,701
	2,936	-	(57)	193	3,072
	2,936	-	(57)	193	3,072
	26,677	(26,624)	(38)	(15)	-
	-	26,624	(476)	1,775	27,923
	26,677	-	(514)	1,760	27,923
	26,677	-	(514)	1,760	27,923
	26,677	-	(514)	1,760	27,923

**Landmark Equity Partners III, L.P.  
Supplemental Schedule – Statement of Changes in Partners' Capital  
For the Year Ended December 31, 2013 (Going Concern Basis)**

Schedule II

Partner's Name	Partners' Capital at December 31, 2012	Transfer of Limited Partnership Interest	Net Investment Income (Loss)	Net Realized Gain (Loss) on Investments	Partners' Capital at December 31, 2013
	26,677	-	(514)	1,760	27,923
	26,677	-	(514)	1,760	27,923
	18,810	-	(362)	1,241	19,689
	10,672	-	(205)	704	11,171
	5,336	-	(103)	352	5,585
	16,007	(15,975)	(23)	(9)	-
	-	15,975	(286)	1,066	16,755
	16,007	-	(309)	1,057	16,755
	10,672	-	(205)	704	11,171
	13,341	-	(258)	879	13,962
	12,455	-	(240)	821	13,036
	12,451	-	(240)	821	13,032
	12,451	-	(240)	821	13,032
	2,669	-	(52)	175	2,792
	1,065	-	(21)	70	1,114
	1,065	-	(21)	70	1,114
	1,065	-	(21)	70	1,114
	1,065	-	(21)	70	1,114
	8,010	-	(155)	527	8,382
	5,335	-	(103)	352	5,584
	5,335	-	(103)	352	5,584
	2,669	-	(52)	175	2,792
	1,602	-	(30)	106	1,678
	1,334	-	(26)	88	1,396
	1,334	-	(26)	88	1,396
	802	-	(15)	53	840
	254	-	(4)	18	268
Total Limited Partners' Capital	1,646,784	-	(31,743)	108,627	1,723,668
General Partner	201,458	-	(3,878)	13,288	210,868
Total Partners' Capital	\$ 1,848,242	\$ -	\$ (35,621)	\$ 121,915	\$ 1,934,536

(1) Participation through Group Trust

**Landmark Equity Partners III, L.P.**  
**Supplemental Schedule – Statement of Changes in Partners' Capital**  
**For the Period from Inception (March 31, 1993) to February 28, 2014 (Liquidation Basis)** **Schedule III**

Partner's Name	Contributed Capital	Cumulative Distributions	Net Contributed Capital	Cumulative Net Investment Income (Loss)	Cumulative Net Realized Gain (Loss)	Partners' Capital at February 28, 2014
Commonwealth of Pennsylvania, Public School Employees' Retirement System	\$ 27,085,011	\$ (76,449,530)	\$ (49,364,519)	\$ (4,366,066)	\$ 53,730,585	\$ -
	22,570,840	(63,263,035)	(40,692,195)	(3,709,474)	44,401,669	-
	22,570,840	(63,948,170)	(41,377,330)	(3,607,976)	44,985,306	-
	22,570,840	(63,948,170)	(41,377,330)	(3,607,976)	44,985,306	-
	13,542,504	(38,368,913)	(24,826,409)	(2,164,786)	26,991,195	-
	10,834,002	(30,691,227)	(19,857,225)	(1,731,838)	21,589,063	-
	2,708,501	(7,672,803)	(4,964,302)	(432,965)	5,397,267	-
	1,805,666	(5,088,185)	(3,282,519)	(292,173)	3,574,692	-
	4,208,866	(11,871,660)	(7,662,794)	(679,739)	8,342,533	-
	13,847,806	(39,059,570)	(25,211,764)	(2,236,437)	27,448,201	-
	9,028,336	(25,357,763)	(16,329,427)	(1,472,636)	17,802,063	-
	9,028,336	(25,357,763)	(16,329,427)	(1,472,636)	17,802,063	-
	9,028,336	(25,416,530)	(16,388,194)	(1,460,875)	17,849,069	-
	15,799,587	(44,641,664)	(28,842,077)	(2,538,848)	31,380,925	-
	9,028,336	(25,579,269)	(16,550,933)	(1,443,193)	17,994,126	-
	4,514,167	(12,789,625)	(8,275,458)	(721,596)	8,997,054	-
	4,514,167	(12,789,625)	(8,275,458)	(721,596)	8,997,054	-
	6,771,251	(19,062,395)	(12,291,144)	(1,095,655)	13,386,799	-
	4,333,602	(12,245,079)	(7,911,477)	(696,974)	8,608,451	-
	4,514,167	(12,652,763)	(8,138,596)	(741,895)	8,880,491	-
	1,805,666	(5,115,857)	(3,310,191)	(288,639)	3,598,830	-
	1,805,666	(5,115,857)	(3,310,191)	(288,639)	3,598,830	-
	1,083,400	(3,061,268)	(1,977,868)	(174,248)	2,152,116	-
	496,558	(1,406,863)	(910,305)	(79,371)	989,676	-
	496,559	(1,406,864)	(910,305)	(79,371)	989,676	-
	4,514,167	(12,708,255)	(8,194,088)	(730,437)	8,924,525	-
	4,514,167	(12,678,872)	(8,164,705)	(736,317)	8,901,022	-
	4,514,167	(12,678,872)	(8,164,705)	(736,317)	8,901,022	-
	4,514,167	(12,789,625)	(8,275,458)	(721,595)	8,997,053	-

**Landmark Equity Partners III, L.P.**

**Supplemental Schedule – Statement of Changes in Partners' Capital**

**For the Period from Inception (March 31, 1993) to February 28, 2014 (Liquidation Basis)**

**Schedule III**

Partner's Name	Contributed Capital	Cumulative Distributions	Net Contributed Capital	Cumulative Net Investment Income (Loss)	Cumulative Net Realized Gain (Loss)	Partners' Capital at February 28, 2014
	4,514,167	(12,789,625)	(8,275,458)	(721,595)	8,997,053	-
	4,514,167	(12,789,625)	(8,275,458)	(721,594)	8,997,052	-
	3,182,488	(9,016,697)	(5,834,209)	(508,717)	6,342,926	-
	1,805,666	(5,115,857)	(3,310,191)	(288,638)	3,598,829	-
	902,833	(2,557,923)	(1,655,090)	(144,319)	1,799,409	-
	2,708,501	(7,624,955)	(4,916,454)	(438,266)	5,354,720	-
	2,708,501	(7,624,955)	(4,916,454)	(438,266)	5,354,720	-
	1,805,666	(5,083,309)	(3,277,643)	(292,175)	3,569,818	-
	2,257,084	(6,394,810)	(4,137,726)	(360,802)	4,498,528	-
	2,107,213	(5,970,217)	(3,863,004)	(336,820)	4,199,824	-
	2,106,311	(5,967,646)	(3,861,335)	(336,696)	4,198,031	-
	2,106,311	(5,967,648)	(3,861,337)	(336,695)	4,198,032	-
	451,417	(1,278,960)	(827,543)	(72,158)	899,701	-
	180,566	(511,584)	(331,018)	(28,859)	359,877	-
	180,566	(511,584)	(331,018)	(28,859)	359,877	-
	180,566	(511,584)	(331,018)	(28,856)	359,874	-
	180,566	(511,584)	(331,018)	(28,859)	359,877	-
	180,566	(511,584)	(331,018)	(28,857)	359,875	-
	1,354,251	(3,836,888)	(2,482,637)	(216,480)	2,699,117	-
	902,833	(2,557,923)	(1,655,090)	(144,322)	1,799,412	-
	902,833	(2,557,923)	(1,655,090)	(144,322)	1,799,412	-
	451,417	(1,278,958)	(827,541)	(72,160)	899,701	-
	270,849	(762,494)	(491,645)	(43,828)	535,473	-
	225,708	(639,478)	(413,770)	(36,077)	449,847	-
	225,708	(635,410)	(409,702)	(36,523)	446,225	-
	135,426	(383,309)	(247,883)	(21,925)	269,808	-
	45,142	(127,096)	(81,954)	(7,084)	89,038	-
Total Limited Partners' Capital	274,122,833	(773,946,073)	(499,823,240)	(44,172,425)	543,995,665	-
General Partner	2,814,515	(64,972,850)	(62,158,335)	(5,492,080)	67,650,415	-
Total Partners' Capital	\$ 276,937,348	\$ (838,918,923)	\$ (561,981,575)	\$ (49,664,505)	\$ 611,646,080	\$ -

(1) Participation through Group Trust

