

BROCHURE OF

Silverpeak Real Estate Partners L.P.

A Delaware Limited Partnership registered with the Securities and Exchange Commission as an Investment Adviser (CRD # 156018)

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THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF SILVERPEAK REAL ESTATE PARTNERS L.P. IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT (212) 716-2000 OR INFO@SILVERPEAKRE.COM.

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION, NOR THE STATE OF DELAWARE, NOR ANY STATE SECURITIES AUTHORITY, HAS PASSED UPON THE ADEQUACY OR ACCURACY OF THIS BROCHURE. REGISTRATION AS AN INVESTMENT ADVISER DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING. ADDITIONAL INFORMATION ABOUT SILVERPEAK REAL ESTATE PARTNERS L.P. ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

The date of this Brochure is

February 8, 2012

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. This Brochure will supersede all other such documents containing information about our Firm.

Item 2.

Material Changes

There are no material changes to report regarding our advisory business.

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I. Part 2A – FIRM BROCHURE

Item 4. Advisory Business:

- (A) **Operational and Organizational Information:** Silverpeak Real Estate Partners L.P. (“Firm” or “Silverpeak” or “Investment Adviser”), a Delaware limited partnership, is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). Silverpeak was formed in May 2010. Silverpeak manages numerous investment vehicles, which are organized into, and managed as, three “fund platforms” as follows: Silverpeak Legacy Partners L.P. (formerly Lehman Brothers Real Estate Partners L.P.) and its parallel limited partnerships and alternative investment vehicles (“SLP I”), Silverpeak Legacy Partners II L.P. (formerly Lehman Brothers Real Estate Partners II L.P.) and its parallel limited partnerships and alternative investment vehicles (“SLP II”), and Silverpeak Legacy Partners III L.P. (formerly Lehman Brothers Real Estate Partners III L.P.) and its parallel limited partnerships (“SLP III”). Each of SLP I, SLP II and SLP III (each a “Fund” and collectively the “Funds”) is managed as an investment platform whose investments are distributed and allocated to the investment vehicles that each of the Funds is comprised of, as further described below.

SLP I and SLP II are comprised of both parallel private fund (pooled vehicle) limited partnership entities as well as side-by-side investment vehicle entities that are affiliates of Lehman Brothers Holdings Inc. (“Lehman Holdings”), while SLP III is comprised solely of parallel private fund (pooled vehicle) limited partnership entities. Note that none of SLP I, SLP II or SLP III exists as a legal entity. The Funds’ limited partnerships and alternative investment vehicles include: i) 36 limited partnerships, 31 of which are advised or sub-advised by Silverpeak (each a “Partnership” and collectively the “Partnerships”) and 5 of which (the “Lehman Partnerships”) are advised by Lehman Brothers Private Equity Advisers LLC (“Lehman”), and; ii) 5 alternative investment vehicles that are managed as separately managed accounts (the “SMAs”). The SMAs are owned by Lehman Holdings (accordingly, the 5 SMAs can be counted as 1 client). SLP I is comprised of 12 Partnerships and 3 SMAs, SLP II is comprised of 8 Partnerships and 2 SMAs, and SLP III is comprised of 11 Partnerships. The Lehman Partnerships are clients under SLP I and/or SLP II and, given that Lehman is their investment adviser, information regarding the Lehman Partnerships should be available on Lehman’s Form ADV. Typically, each Partnership has a general partner (each a “General Partner” and collectively

“General Partners”). The management team consists of Rodolpho Amboss, Brett Bossung, Mark Newman and Mark Walsh.

Note: For purposes of this Brochure, “Client” may include any or all of the Funds, the Partnerships and the SMAs, as well as investors in the Partnerships (also called “Investors” or “Limited Partners”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in each Client’s governing documents.

Note: As stated on the cover page of this Brochure, registration as an investment adviser does not imply a level of skill or training.

- (B) **Types of Advisory Services Offered:** Silverpeak provides discretionary and non-discretionary investment advisory services primarily related to making equity and equity-related investments in real estate properties and companies and service businesses ancillary to the real estate industry in addition to investments in debt instruments, including non-performing loans and other distressed debt instruments, or securities that meet Clients’ investment profiles. Silverpeak does not generally provide advice with respect to other types of investments.

Silverpeak holds itself out as specializing in real estate investments. Please review the investment guidelines, specified below under “Client Investment Guidelines and Parameters.”

- (C) **Client Investment Guidelines and Parameters:** Advisory services include among other things, providing advice regarding asset allocation and the selection of investments. Decisions relating to investment advice are based on an analysis of the merits and risks of the investment involved and on the investment guidelines and restrictions of the Client. The following is a description of the principal types of investments Silverpeak employs on behalf of the Funds, which is merely a summary and one should not assume that any descriptions of specific activities are intended in any way to limit the types of investment activities Silverpeak may undertake.

The investment objective of the Funds is to achieve attractive risk-adjusted returns by identifying and structuring investments for the unique conditions of each local market through various instruments including direct property ownership, joint ventures, mortgages and investments in equity and debt instruments of private and public real estate, operating and service companies. In most situations, the Funds have purchased a company or business, entered into a

partnership or joint venture with an operating partner or a management team that has specialized expertise in the operation, marketing, leasing or development of the property or the business type.

The Funds invest in Real Estate Assets (defined below), Portfolio Companies (defined below) and in service companies ancillary to the real estate industry. “Real Estate Assets” are equity interests, debt interests, debt or equity-related interests, participations, leasehold interests, or other interests, direct or indirect, in or relating to single or multiple real estate properties or assets (including, for all purposes hereunder, land, buildings and other improvements and related personal or intangible property), pools or portfolios of real estate properties or assets, partial interests or rights in real estate properties or assets, options, rights of refusal, rights of offer and similar rights in respect of real estate assets or properties or portions thereof, debt or equity securities and interests in real estate operating or service companies, real estate holding corporations and real estate investment trusts or other entities that are taxed as real estate investment trusts for federal income tax purposes. “Portfolio Companies” are companies (whether corporations, partnerships, limited liability companies or other entities) with direct or indirect interests in Real Estate Assets, or that are otherwise involved in the ownership, operation, management or development of Real Estate Assets or in other real estate-related businesses or assets in which a Fund owns a direct or indirect interest, including, without limitation, real estate investment trusts and service companies ancillary to the real estate industry.

- (D) **Wrap Fee Programs:** Firm does not participate in wrap fee programs.
- (E) **Client Assets Under Management:** *(rounded to the nearest \$100,000)*
 - (i) Discretionary: \$3,003,200,000 as of 12/31/2011.
 - (ii) Non-discretionary: \$0 as of 12/31/2011.

Item 5. Fees and Compensation:

- (A) **Generally:** All fees are individually negotiated. Circumstances considered when negotiating fees may include, without limitation, customary market rates, specialized guidelines, and other

performance or incentive allocation or fee arrangements with the Client.

- (B) **Payment of Fees:** Management Fees: Silverpeak provides certain services to its Clients, which generally include the origination and evaluation of investment opportunities, the structuring of investment transactions, investment recommendations, investment monitoring, advice on investment realizations, and performs certain administrative services. In return for providing such services, Silverpeak is entitled to receive a Management Fee, which is due semi-annually in advance.

As set forth in the governing documents applicable to each respective Fund entity, during the Commitment Period, Management Fees typically range from 1.00% to 2.00% of the amount of the partners' Capital Commitments. After the expiration of the Commitment Period, the Management Fees typically range from 1.00% to 2.00% of the partners' unreturned Capital Contributions. Management Fee rates differ amongst partners based on investor class and commitment amount.

- (C) **Additional Fees and Expenses:** In addition to amounts Investors pay to the Investment Adviser and/or the General Partners noted above and in Item 6, the Funds pay operating expenses such as professional fees and administrative costs, including any expense for services provided by the Investment Adviser or any of its affiliates with respect to accounting and other services performed in connection with Funds' annual audit, legal compliance, financial reporting, tax return preparation and distribution of reports. Additionally, the Funds paid organizational expenses, up to a certain threshold, for costs and expenses pertaining to the offering and sale of partner interests to prospective investors and the organization of the Funds and the General Partners.

A full description of the Additional Fees and Expenses is disclosed to Clients in the applicable governing documents.

- (D) **Fees Paid in Advance:** Management Fees shall be calculated and payable to Silverpeak semi-annually in advance and are pro-rated for partial periods in the event an investment management agreement is terminated.
- (E) **Additional Compensation of Supervised Persons:** No supervised person accepts compensation for the sale of securities or other investment products.

- (i) This practice presents a conflict of interest and gives Silverpeak or its supervised persons an incentive to recommend investment products based on the compensation received, rather than on a particular Client's needs. Silverpeak endeavors to disclose herein all conflicts of interest which could impair the rendering of unbiased and objective advice. Lower fees for comparable services may be available from other sources. **N/A**
- (ii) All Clients have the option to purchase investment products that Silverpeak recommends through other brokers or agents that are not affiliated with Silverpeak and/or not used by Silverpeak. **N/A**
- (iii) If commissions provide more than 50% of Silverpeak's revenue or compensation, disclose: **N/A**
- (iv) Silverpeak does/does not reduce advisory fees to offset the commissions and/or markups that it receives, as follows: **N/A**

Item 6. Performance Based Fees and Side-by-Side Management:

Generally: A full description of the entire fee arrangement is disclosed to the Client in the applicable governing documents.

Silverpeak and/or the General Partners also may receive a performance based fee or incentive fee/allocation (the "Performance Fee") which is tied to the capital appreciation within Client accounts accrued quarterly and payable upon a capital event as described in the applicable offering documents. The Performance Fees may create an incentive to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments, than would be made if such Performance Fees were not allocated to the General Partner and/or the Investment Adviser

Profits Interest: The Profits Interest percentage typically equals 20% of proceeds in excess of certain hurdles and may be paid by a Limited Partner to the General Partner when distributions are declared from a Partnership. The Profits Interest and the timing of its distribution may vary from Partnership to Partnership and is described more fully in each Partnership's limited partnership agreement. Further, each Partnership's limited partnership agreement typically contains a "clawback" provision providing Limited Partners the opportunity to recoup from the General Partner distributions previously made in excess of certain thresholds.

Contingent Disposition Fees & Long Term Incentive Amount: A Contingent Disposition Fee and a Long Term Incentive Amount may be paid by the Funds, which are calculated using defined percentage rates multiplied by the proceeds distributed to the Funds' Investors in excess of certain thresholds, subject to certain limits.

Disposition Fees: A Disposition Fee may be payable by the Funds to Silverpeak based on a defined percentage of any net cash proceeds received by the Funds with respect to the full or partial sale (including condominium sales), casualty, merger or other disposition of a portfolio company or a portfolio investment or any non-recourse financing, restructuring or refinancing of a portfolio company or a portfolio investment (each, a "Disposition Fee Transaction"). A Disposition Fee Transaction does not include distributions related to ordinary net income generated by a Fund's Portfolio Investments (generally, investments made by a partnership and/or one or more of the parallel funds in Real Estate Assets, Portfolio Companies and other assets, or Portfolio Companies and any proceeds related to a casualty that does not give rise to a distribution in accordance with the governing documents).

Item 7. Types of Clients:

Silverpeak provides advisory services to investment vehicles as described in Item 4(A) above. The minimum capital commitment for an Investor is outlined in the applicable offering documents. The following are the minimum commitments by Investor type. However, in each case, the General Partner had discretion to accept lesser amounts.

<u>Investor Type</u>	<u>SLP I</u>	<u>SLP II</u>	<u>SLP III</u>
Institutional	\$5,000,000	\$5,000,000	\$10,000,000
High Net Worth	\$ 250,000	\$ 250,000	\$ 500,000
Employee	\$ 5,000	\$ 5,000	\$ 25,000

Silverpeak may also advise separately managed accounts.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss:

- (A) **Methods of Analysis and Investment Strategies:** Silverpeak, on behalf of the Funds, employs a fundamental, value-driven investment strategy and approach to achieve risk-adjusted returns in the real estate sector. Silverpeak seeks to maximize returns on investments in properties, real estate companies, and service businesses ancillary to the real estate industry. This approach incorporates: (i) understanding and forecasting economic, social and financial factors affecting real estate supply and demand in local markets; (ii) benefiting from operating partners' local

expertise with respect to specific market complexities; (iii) determining the asset replacement cost and acquisition prices on comparable transactions to form a proper valuation context; and (iv) identifying and subsequently responding to the numerous factors that constantly affect real estate valuations. In addition, Silverpeak generally pursues investment opportunities only where they perceive compelling valuation and can exercise proper control, assume acceptable levels of leverage and identify viable exit strategies. The business plan for an investment always contemplates potential exit strategies to maximize returns, and Silverpeak regularly revisits and modifies the anticipated exit strategy based on evolving market conditions.

Investing in securities involves risk of loss that Clients should be prepared to bear.

- (B) **Risks Associated with Firm's Investment Strategies:** A full description of the risks inherent to the strategies employed by Silverpeak on behalf of the Funds is described in further detail in the respective governing documents. Below is a subset of those risks:

General Real Estate Considerations: Real property investments are subject to varying degrees of risk. Real estate values are affected by a number of factors, including (i) changes in the general economic climate, (ii) local conditions (such as an oversupply of space or a reduction in demand for space), (iii) the quality and philosophy of management, (iv) competition based on rental rates, (v) attractiveness and location of the properties, (vi) financial condition of tenants, buyers and sellers of properties, (vii) quality of maintenance, insurance and management services and (viii) changes in operating costs. Real estate values also are affected by such factors as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing and potential liability under changing environmental and other laws.

Competitive Market for Investment Opportunities: The Funds will compete for investments with other real estate investment vehicles, as well as individuals, publicly traded real estate investment trusts ("REITs"), financial institutions (such as mortgage banks and pension funds), hedge funds and other institutional investors. Due to such competition, there can be no assurance that the Funds will be able to secure, make and dispose of investments that meet their investment objectives.

Valuation and Liquidity Risk: The Funds typically invest in real estate and real estate related investments for which no liquid market exists. The market prices for such investments may be volatile and may not be readily ascertainable. In addition, there continue to be significant disruptions in the global capital, credit and real estate markets. These disruptions have led to, among other things, a significant decline in the volume of transaction activity, a decline in the fair value of many real estate and real estate related investments, and a significant contraction in short-term and long-term debt and equity funding sources. This contraction in capital includes sources that the Funds may depend on to finance certain portfolio investments. The decline in liquidity and prices of real estate and real estate related investments, as well as the availability of observable transaction data and inputs, may have made it more difficult to determine the fair value of such portfolio investments.

Difficult market conditions, coupled with an unprecedented decline in the commercial real estate markets across the globe, can cause the Funds to record significant mark downs in the fair value of its portfolio investments. These factors can impact the Funds' ability to continue to execute investment, disposition, lease-up and financing strategies as originally planned.

Financing Risk: There is no guarantee that leverage will continue to be available for the Funds' portfolio investments, or if available, will be available on terms and conditions acceptable to the Funds. Unfavorable economic conditions also could increase funding costs, limit access to the capital markets or result in a decision by lenders not to extend credit to the Funds or their portfolio investments. In addition, a decline in market value of the Funds' assets may have adverse consequences in instances where the Funds borrowed money based on the fair value of those assets. In the event the Funds are required to liquidate all or a portion of their portfolios quickly, the Funds may realize significantly less than the value at which they previously recorded those investments. The Funds will typically lever their investments with debt financing. Leverage also may be present at the property or operating company level. Although the use of leverage may enhance returns and increase the number of investments that can be made, they also may substantially increase the risk of loss of principal. Certain tax-exempt investors may be subject to unrelated business income taxation because of the Fund's use of leverage. The use of leverage may increase the exposure of investments to adverse economic factors such as rising interest rates and severe economic downturns.

Possible Lack of Diversification: While diversification is an objective of the Funds and the Funds' investments are subject to certain geographic and ownership limitations, there is no assurance as to the degree of diversification that will actually be achieved in the Funds' investments, either by geographic region or asset type. If a Fund makes an investment in a single transaction with the intent of refinancing or selling a portion of the investment, there is a risk that such Fund will be unable to successfully complete such a financing or sale. This could lead to increased risk as a result of having an unintended long-term investment and reduced diversification.

Foreign Investments: The Funds expect to make investments in a number of different foreign countries, some of which may prove to be politically unstable. With any investment in a foreign country, there exists the risk of adverse political developments, including nationalization, confiscation without fair compensation or war. Furthermore, in the case of investments in foreign securities or other assets, any fluctuation in currency exchange rates will affect the value of the investments, and any restrictions imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate foreign currency. In addition, laws and regulations of foreign countries may impose restrictions or approvals that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. Silverpeak will analyze risks in the applicable foreign countries before making such investments, but no assurance can be given that a political or economic climate, or particular legal or regulatory risks, might not adversely affect investments by the Funds.

Hedging Policies/Risks: The Funds employ hedging techniques designed to protect them against adverse movements in currency and/or interest rates and other risks. While such transactions may reduce certain risks, the transactions themselves may entail certain other risks. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, currency exchange rates, volatility, credit charges or other factors may result in a poorer overall performance for the Funds than if they had not entered into such hedging transactions. The Funds may, to the extent that hedging arrangements result in currency exchange gain which has not been paid over by the hedging provider, be exposed to the creditworthiness of the selected hedging provider(s) from time to time. The amount of such exposure will vary from time to time according to (i) the difference between the then prevailing market rate of exchange of the relevant

currencies and the forward rate applicable for the purposes of the hedging arrangements and (ii) the amount hedged. If the hedging arrangements result in a currency exchange gain for the Funds, then such gain may constitute a taxable profit for the Investors, notwithstanding that such gain is accompanied by a reduction in the value of investments. If the hedging arrangements result in a currency exchange loss for the Funds, Investors in the Funds may not be able to claim a corresponding reduction in any amount of taxable income or gains. If the hedging arrangements are terminated at any time in accordance with their terms, whether as a result of an event of default thereunder or otherwise, the Funds may be liable to make a payment to or receive a payment from the hedging provider in connection with such termination reflecting the market value of the transactions comprising such hedging arrangements (or, in certain circumstances, the loss or gain, as applicable, of the party making the relevant determination). If the Funds are required to make such a payment, they may be required to liquidate investments to fund any such payment. Furthermore, the Funds may be unable to locate an alternative provider of currency hedging arrangements within a reasonable period of time or at all. If no such alternative provider or hedging arrangements is located, then the Funds may be fully exposed to currency fluctuations.

Development Risks: The Funds anticipate that they will acquire equity interests in real estate developments and/or in businesses that engage in real estate development. To the extent that the Funds invest in such development activities, they will be subject to the risks normally associated with such activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the Funds, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the investment and on the amount of funds available for distribution to the Funds.

Item 9. Disciplinary Information:

Legal and disciplinary events in which Silverpeak or any supervised persons have been involved that are material to a Client's or prospective

client's evaluation of the Firm's advisory business or management are listed below (see response after each event).

- (A)** A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which Firm or a management person:

 - (i)** Was convicted of, or pled guilty or nolo contendere ("no contest") to: (a) any felony; (b) a misdemeanor that involved investments or an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses. **N/A**
 - (ii)** Is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses. **N/A**
 - (iii)** Was found to have been involved in a violation of an investment-related statute or regulation. **N/A**
 - (iv)** Was the subject of any order, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a management person from engaging in any investment-related activity, or from violating any investment-related statute, rule, or order. **N/A**
- (B)** An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which Firm or a management person:

 - (i)** Was found to have caused an investment-related business to lose its authorization to do business. **N/A**
 - (ii)** Was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by the agency or authority:

 - a.** Denying, suspending, or revoking the authorization of Firm or a management person to act in an investment-related business. **N/A**

- (iii) Other investment adviser or financial planner. *a) Silverpeak has a sub-advisory agreement with Broadcliff Capital Partners LLP, a London, England-based international adviser. Mark H. Newman is a managing partner of Broadcliff Capital Partners LLP. b) An affiliate of Silverpeak has been engaged by Dubai Group (“DG”) to provide non-discretionary real estate investment management services related to DG’s commercial real estate portfolio in the US and Germany. c) Certain Silverpeak employees and management persons have been actively identifying, structuring and closing real estate investments on a principal basis.*
- (iv) Futures commission merchant, commodity pool operator, or commodity trading advisor. **N/A**
- (v) Banking or thrift institution. **N/A**
- (vi) Accountant or accounting firm. **N/A**
- (vii) Lawyer or law firm. **N/A**
- (viii) Insurance company or agency. **N/A**
- (ix) Pension consultant. **N/A**
- (x) Real estate broker or dealer. **N/A**
- (xi) Sponsor or syndicator of limited partnerships. **N/A**
- (D) The Firm recommends or selects other investment advisers for Clients: **N/A** except as described in Item 10(C)(iii) above.

Item 11. Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading:

- (A) Silverpeak’s compliance manual includes a code of ethics (“Code”) that applies to each Employee (defined as, generally, any partner, officer or director of Silverpeak and any employee or other supervised person of Silverpeak, including its subsidiaries and affiliates). The Code requires compliance with all applicable laws and regulations, including federal securities laws; acting in the best interests of the Firm’s Clients at all times; avoiding actual and potential conflicts of interests; complying with certain restrictions on personal trading and prompt reporting of violations of the Code. The Code requires Employees to safeguard confidential

information entrusted to Silverpeak by its Clients, Investors or related parties, information regarding Silverpeak's businesses and activities, and/or information about other Employees. The Code also prohibits insider trading and tipping and addresses anti-money laundering and certain potential conflicts of interest. In the event of a conflict of interest that is not otherwise addressed by the applicable governing documents, Silverpeak will be guided by its fiduciary responsibilities, compliance policies and procedures and good faith judgment as to the best interests of the Funds and may, pursuant to the governing documents of the Funds, seek guidance from the applicable Advisory Committee of the Funds.

Silverpeak's Code also requires Employees to, among other things: 1) pre-clear certain personal securities transactions; 2) report personal securities transactions on at least a quarterly basis; and 3) provide Silverpeak with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such Employee has a direct or indirect beneficial interest.

Silverpeak has adopted a privacy policy that explains the manner in which the Firm collects, utilizes and maintains nonpublic personal information about Clients, as required under federal legislation. Silverpeak may make changes to its privacy policy in the future. Silverpeak will not make any change affecting an individual without first sending that individual a revised privacy policy describing the change.

(B-D) Certain Employees of Silverpeak and/or related entities or persons have investments in the Funds. In addition, Employees of Silverpeak and/or the respective General Partners have participated in the Funds' investment programs by agreeing to commit a certain percentage of the Funds' total capital commitments or a certain amount as defined in the Funds' governing documents. Therefore, certain Silverpeak Employees and/or related entities or persons economically participate in transactions of the Funds.

A copy of the Silverpeak Code will be provided to a Client or prospective client upon request.

Item 12. Brokerage Practices:

Silverpeak focuses on making investments in private securities, thus it does not ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with such investments. To the limited extent Silverpeak transacts in public

securities or currency hedging instruments, it intends to select brokers based upon best interests for the Funds. Silverpeak has discretionary authority over the Funds' accounts, subject to the Funds' investment objectives and restrictions, including the buying and selling of securities and the amount of securities to be bought or sold. Although Silverpeak generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services. Silverpeak does not participate in any soft dollar arrangements outside of receiving research available to other institutional investors. To the best of Silverpeak's knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. Silverpeak aggregates transactions across accounts in accordance with each Fund's respective governing documents. Further detail around the selection of broker-dealers and aggregation of orders is described below.

(A) **Selection of Broker-Dealers:** Silverpeak is authorized to determine the broker-dealer to be used for each securities transaction for the Funds. In selecting broker-dealers to execute transactions, the Firm need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. In selecting brokers and negotiating commission rates, the Firm will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. The Firm may place transactions with a broker-dealer that (i) provides the Firm (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Funds or other products advised by the Firm (or an affiliate), if otherwise consistent with seeking best execution; *provided* the Firm is not selecting the broker-dealer in recognition of the opportunity to participate in such capital introduction events or the referral of investors. It is not the Firm's practice to negotiate "execution only" commission rates, thus the Funds may be deemed to be paying for research, brokerage or other services provided by the broker that are included in the commission rate.

(i) **"Soft Dollar" Policy:** The Firm does not utilize soft dollars.

a. When Firm uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Firm receives a benefit

because Firm does not have to produce or pay for the research, products or services. N/A

- b. Firm may have an incentive to select or recommend a broker-dealer based on Firm's interest in receiving the research or other products or services, rather than on Clients' interest in receiving most favorable execution. N/A
- c. Firm may cause Clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up). N/A
- d. Firm may use soft dollar benefits to service all Clients or only those Clients that paid for the benefits. Firm may or may not seek to allocate soft dollar benefits to Clients proportionately to the soft dollar credits the accounts generate. N/A
- e. The types of products and services Firm or any related persons acquired with Client brokerage commissions (or markups or markdowns) within Firm's last fiscal year were: N/A
- f. The procedures Firm used during its last fiscal year to direct transactions to a particular broker-dealer in return for soft dollar benefits Firm received were: N/A

(ii) **Brokerage for Client Referrals:**

- a. The Firm does not currently engage in this practice but reserves the right to pay a fee or commission, in its sole discretion, to brokers or other persons who introduce Clients to the Firm, provided that any such fee or commission will be paid solely by the Firm or its affiliates and no portion thereof will be paid by Clients. As a result, the Firm may have an incentive to select or recommend a broker based on the Firm's interest in receiving Client referrals rather than on Clients' interest in receiving most favorable execution. Because such referrals, if any, are likely to benefit the Firm but will provide an insignificant (if any) benefit to Clients, the Firm

will have a conflict of interest with Clients when allocating Client brokerage business to a broker who has referred investors to a Client. To prevent Client brokerage commissions from being used to pay referral fees, the Firm will not allocate Client brokerage business to a referring broker unless the Firm determines in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to Clients.

- b. The procedures used during the last fiscal year to direct Client transactions to a particular broker-dealer in return for Client referrals were: *Please refer to Item 12.(A)(ii)a.*

(iii) **Directed Brokerage:**

- a. The Firm does not recommend, request or require a Client to direct the Firm to execute transactions through a specified broker-dealer.
- b. The Firm does not permit a Client to direct Firm to execute transactions through a specified broker-dealer.

(B) **Aggregation of Orders:** Transactions implemented by the Firm for accounts may be effected independently or on an aggregated basis. The Firm anticipates that it may decide to purchase or sell the same securities for several Clients at approximately the same time. Firm will aggregate orders when it believes aggregation may prove advantageous to Clients. When the Firm aggregates Client orders, the allocation of securities among Client accounts will be done on a fair and equitable basis. Typically, the process of aggregating Client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among Clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and execution cost and will be allocated among the Firm's Clients in proportion to the purchase and sale orders placed for each Client account on any given day. When the Firm aggregates Client orders for the purchase or sale of securities, including securities in which its associated person(s) may invest, the Firm will do so in a fair

and equitable manner. It should be noted that Firm does not receive any additional compensation or remuneration as a result of aggregation.

Allocation of Trades: The Firm may at times determine that certain securities will be suitable for acquisition by Clients and by other accounts managed by the Firm, possibly including the Firm's own accounts or accounts of an affiliate. If that occurs, and the Firm is not able to acquire the desired aggregate amount of such securities on terms and conditions which the Firm deems advisable, the Firm will endeavor in good faith to allocate the limited amount of such securities acquired among the various accounts for which the Firm considers them suitable. The Firm may make such allocations among the accounts in any manner that it considers fair under the circumstances, including but not limited to allocations based on relative account sizes, the degree of risk involved in the securities acquired, and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved.

Item 13. Review of Accounts:

- (A) Generally, the Funds' investments are reviewed on a continuous basis by Silverpeak's asset management committee. These reviews are designed to monitor and analyze Client transactions, positions, and investment levels. Particular attention is given to changes in company fundamentals, industry outlook, market outlook, and price levels.
- (B) Please refer to Item 13(A) above.
- (C) Silverpeak provides reports as required by the applicable governing documents for each Fund. As a result, in general, each quarter Silverpeak issues an unaudited quarterly capital account summary to each Investor in addition to a quarterly report for each Partnership. The quarterly report typically includes the following: summary of portfolio holdings by asset type and geography; unaudited financial statements, including a balance sheet; statement of changes in partners' capital, and; statement of operations. Each Investor in a Fund also will receive the following: (i) annual financial statements, audited by an independent certified public accounting firm; (ii) copies of such Investor's Schedule K-1; and (iii) other reports as determined by the Firm or an affiliate of the Firm in its sole discretion. Additionally, within 120 days of year-end, Investors receive GAAP-compliant audited financial statements. Further, Silverpeak

holds a quarterly conference call and has an annual meeting with the Investors to provide a comprehensive review of the performance of the portfolio investments. Silverpeak may by agreement provide additional information or reports to certain Investors.

Item 14. Client Referrals and Other Compensation:

- (A) Silverpeak does not receive any economic benefit associated with advising Clients from any non-Client.
- (B) During a fundraising cycle, placement agents who introduce new Investors that commit capital may be compensated. The amount paid to placement agents is based on point-in-time negotiation and all placement fees will be fully disclosed to Investors referred by placement agents as required by law or other agreements with Investors.

Item 15. Custody:

Pursuant to applicable regulation, Silverpeak is considered to have custody of the Funds' cash and securities. All Client assets are held by independent qualified custodians. The Partnerships are subject to an annual audit and the audited financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America and distributed to Investors within 120 days of each respective Partnership's fiscal year end.

Item 16. Investment Discretion:

Silverpeak generally has discretionary authority over the Funds, without obtaining specific consent from the Funds or their Investors. Any limitations on authority are included in the applicable Private Placement Memoranda and other governing documents.

Item 17. Voting Client Securities:

A majority of the portfolio companies held by the Funds are private companies which typically do not issue proxies. To the extent Silverpeak is required to vote proxies, it does so in the best interests of the Funds. Silverpeak itself does not make investments in positions held by the Funds and therefore does not anticipate a situation where there would be a conflict between maximizing the returns for Funds and the interests of Silverpeak. If such a situation should arise involving a public security, Silverpeak will independently review and evaluate the proxy proposal and the circumstances surrounding the conflict to determine how to vote the

proxy in the best interest of the Funds. Silverpeak may also determine whether the conflict of interest involving the public security will be disclosed to the Funds (and/or Investors) and whether to obtain consent prior to voting. Silverpeak's asset management committee will be responsible for voting proxies. Clients may obtain a copy of the proxy voting policies and procedures upon request.

Item 18. Financial Information:

- (A) Silverpeak solicits prepayment of more than \$1200 in fees per Client six months or more in advance, and thus will provide a balance sheet (see next page) according to the specifications of 17 CFR Parts 275 and 279.
- (B) Silverpeak is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments of its Clients.
- (C) Silverpeak has not been the subject of a bankruptcy petition within the preceding ten years.

Item 19. Requirements for State-Registered Advisers: N/A

Silverpeak Real Estate Partners L.P.**Consolidated Balance Sheet****December 31, 2010**

Assets

Cash and Cash Equivalents	\$ 5,836,824
Accounts Receivable	7,111,542
Prepaid Expenses	1,377,365
Property, Plant and Equipment (net of accumulated depreciation and amortization - \$170,818)	2,027,336
Security Deposits	1,661,892
Other Assets	1,173,271
Total Assets	<u>\$ 19,188,230</u>

Liabilities and Partners' Capital

Note Payable	\$ 2,500,000
Accounts Payable and Accrued Expenses	10,797,556
Deferred Revenue	1,471,261
Total Liabilities	<u>14,768,817</u>

Partners' Capital	4,340,841
Accumulated Other Comprehensive Income	78,572
Total Partners' Capital	<u>4,419,413</u>

Total Liabilities and Partners' Capital	<u>\$ 19,188,230</u>
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