

Part 2A of Form ADV: *Firm Brochure*

February 6, 2012

**Alpine Management Services III, LLC
("Alpine Investors")**

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This brochure provides information about the qualifications and business practices of Alpine Investors. If you have any questions about the contents of this brochure, please contact Alpine Investors at 415-392-9100 or tbaker@alpine-investors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Alpine Investors also is available on the Securities and Exchange Commission's website at www.adviserinfo.sec.gov. Alpine Investors can be found on this site by a unique identifying CRD number, 157255.

An investment advisor's registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

Item 2 Material Changes

After the initial filing of this Brochure, this Item will be used to provide Alpine Investors' clients with a summary of new and/or updated information. Subsequent disclosures will provide details of the revisions based on the nature of the updated information.

A summary of any material changes to this and subsequent Brochures will be available within 120 days of the close of Alpine Investors' fiscal year. Additionally, other interim disclosures about material changes will be provided as necessary.

This section is currently not applicable.

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Item 4 Advisory Business

Alpine Investors provides investment advisory services to private equity funds and other pooled investment vehicles (“Alpine Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). The investors in the Alpine Funds include, among others, individuals (other than high net worth individuals), high net worth individuals, pension and profit sharing plans, trusts, charitable organizations, corporations, limited partnerships and limited liability companies.

Alpine Investors is the investment adviser to each of the Alpine Funds with its principal place of business located in California. Alpine Investors was formed as a Delaware limited liability company in 2009. Alpine Investors was formed to continue the private advisory business of a private investment firm originally founded in 2001. It is owned entirely by Graham Weaver.

As the investment adviser for each Alpine Fund, Alpine Investors identifies investment opportunities and participates in the acquisition, management, monitoring and disposition of investments for each Alpine Fund. Alpine Investors primarily provides investment advisory services related to private equity investments in various industries, including leveraged acquisitions and recapitalizations, traditional buyouts and investments in growth opportunities. These private equity investments take the form of privately-negotiated investment instruments.

Alpine Investors provides investment advisory services to each Alpine Fund pursuant to a separate investment advisory agreement (each, an “Investment Advisory Agreement”). The terms of the management services to be provided by Alpine Investors to an Alpine Fund, including any specific investment guidelines or restrictions, are set forth in each of the Alpine Fund’s Investment Advisory Agreements and the partnership agreement of each Alpine Fund. Alpine Investors or its related entities also may enter into side letter agreements with certain investors in the Alpine Funds, establishing rights under, or supplementing or altering the terms of, the applicable limited partnership agreements relating to such Alpine Funds with respect to such investors. While Alpine Investors and its related entities have no obligation to offer all such additional rights, terms or conditions to any other investor in such Alpine Funds, Alpine Investors and its related entities generally disclose such arrangements to all limited partners of the relevant Alpine Funds. Once invested in an Alpine Fund, investors cannot impose additional investment guidelines or restrictions on such Alpine Fund.

Alpine Investors’ most recent fund, Alpine Investors IV, L.P. (“Fund IV”), has a subsidiary fund Alpine Investors IV SBIC, L.P. (the “SBIC Subsidiary”), that is licensed as a small business investment company by the Small Business Administration and makes investments that are funded by equity capital provided by Alpine Investors IV, LP and by leverage from the SBA. Alpine Investors has formed Alpine Management Services IV, LLC to act as the investment adviser of the SBIC Subsidiary, and Alpine General Partner IV SBIC, LLC as the general partner for the SBIC Subsidiary, both of which entities are owned by Mr. Weaver and other principals of Alpine.

As of December 31, 2011, Alpine Investors managed a total of \$281,875,838 of client assets, all of which is managed on a discretionary basis.

Item 5 Fees and Compensation

Alpine Investors charges annual fees for investment advisory services. The fees are asset-based, generally either calculated on a percentage of capital invested, committed capital, or unreturned capital, depending on the stage of the Fund, and range from 1.50% to 2.00%. Such fees are payable quarterly or semiannually in advance. No fees are charged on the capital provided by the SBA to the SBIC

Subsidiary. The Alpine Fund partnership agreements generally restrict an Alpine Fund's ability to terminate the agreement. The specific restrictions or terms may vary depending on the nature of the fund.

For each Alpine Fund, expense reimbursements may be payable to Alpine Investors or its affiliates. The expense reimbursements are disclosed in the relevant offering documents and limited partnership agreements. These expense reimbursements are in addition to the investment advisory fees described above. Each Alpine Fund also generally absorbs all of the expenses relating to such Alpine Fund's activities, operations and meetings including, but not limited to fees, costs and expenses directly related to the discovery, investigation, development, making, management, monitoring and disposition of investments, and potential investments under Letters of Intent; fees and expenses of custodians, consultants, outside counsel and accountants; the cost of insurance; any taxes, fees or other governmental charges levied on such Alpine Fund; expenses relating to any audit, investigation, governmental inquiry or public relations undertaking; and the costs of expenses of any litigation relating to the activities or operation of such Alpine Fund and the amount of any judgments or settlements paid in connection therewith, relating to the business, activities and interests of such Alpine Fund. Alpine Investors or the affiliated general partner of each Alpine Fund also receives a performance-based fee calculated based on a share of capital gains or capital appreciation. These arrangements are discussed further in Item 6 of this Brochure.

In addition, Alpine Investors or the affiliated general partners of Alpine Funds may receive customary break-up fees, commitment fees, monitoring and directors' fees and organization, financing, divestment and other similar fees in connection with portfolio investments of the Alpine Funds as compensation for financial advisory and similar services provided to the portfolio companies.

Similar advisory services may or may not be available from other registered or unregistered investment advisers for similar or lower fees.

Item 6 Performance-Based Fees and Side-By-Side Management

Alpine Investors or the affiliated general partner of each Alpine Fund generally are eligible to receive performance-based fees from such Alpine Fund pursuant to the terms of the applicable limited partnership agreement for the Alpine Fund. These performance-based fees are calculated based on a share (generally 20%) of the capital appreciation of investments in the portfolios of such Alpine Fund. In accordance with SEC Rule 205-3, after Alpine Investors becomes a registered investment adviser, Alpine Investors and its affiliated general partners will not take any performance-based fee from an Alpine Fund investor that becomes an investor that is not a "qualified client" for purposes of the Investment Advisers Act of 1940 – currently defined as a client with a net worth of \$2.0 million.

Investment vehicles sponsored by Alpine Investors or its affiliates to effect co-investments with one or more Alpine Funds ("Co-Investment Vehicles") also, in some cases, may allocate a portion of the Co-Investment Vehicles' investment profits to their general partners, which are affiliated with Alpine Investors, as a carried interest, as set forth in the relevant organizational documents for the Co-Investment Vehicles.

The entitlement of Alpine Investors and its affiliated general partners to performance-based distributions may create an incentive for Alpine Investors to take risks in managing the Alpine Fund that it would not otherwise take in the absence of such arrangements. See Item 11 for additional information on Resolution of Conflicts. Performance-based fees will only be charged in accordance with the provisions of Rules 205-3 of the Investment Advisers Act of 1940.

Item 7 Types of Clients

See Item 4 – Advisory Business.

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

Methods of Analysis, Investment Strategies – Private Equity

Alpine Investors believes long-term investment success is primarily driven by a combination of: (1) the availability of attractive investment opportunities; (2) skill in evaluating these opportunities; (3) patience and discipline to adhere to a strict investment criteria; and (4) skill in monitoring and supporting portfolio companies. The Alpine Fund's target market, combined with Alpine Investors' sourcing approach, provides a significant number of attractive investment opportunities. Below is a description of the key elements of Alpine Investors' investment strategy:

- Focus on the micro-cap market where Alpine Investors believes an attractive supply-demand imbalance exists.
- Follow a simple and disciplined investment strategy that generates returns largely independent of leverage, exits, and other market cycles.
- Build a team, resources, and capabilities specifically tailored for successful micro-cap market investing.
- Conduct a proactive sourcing effort to generate both opportunistic and targeted investment opportunities at reasonable valuations.
- Provide strategic and hands-on operational support to portfolio companies to drive value creation.
- Create alignment between the goals and objectives of the Alpine Fund's investors and the financial incentives of the principals.

Investment Strategies – Material Risks

An investment in Alpine Investors entails a significant degree of risk and, therefore, should be undertaken only by investors capable of evaluating the risks of the Alpine Funds and bearing the risks it represents. Prospective purchasers of interests in the Alpine Funds should carefully consider the factors in connection with a purchase of interests in the Alpine Funds. The following list is not a complete list of all risks involved in connection with an investment in the Alpine Funds. Prospective investors must rely upon their own examination of and ability to understand the nature of the investment, including the risks involved, in making a decision to invest in the Alpine Funds. There can be no assurance that any of the Alpine Funds will be able to achieve its investment objective or that investors will receive a return on their capital, and investment results may vary substantially on a quarterly or annual basis.

Dependence on Key Personnel – An Alpine Fund's success will be highly dependent on the skill and expertise of Alpine Investors' management team. The financial interest of the Alpine Investors professionals in the Alpine Funds is intended to discourage withdrawing from participation in the Alpine Funds' investment activities. However, there can be no assurance that any individual Alpine professional will continue to be associated with the fund, as none of these persons is under any contractual obligation to remain with Alpine Investors. Furthermore, although these individuals will commit a significant amount of their business efforts to the Alpine Funds, these individuals are not required to devote all of their business time to the Alpine Funds' affairs.

Nature of Fund Investments - An Alpine Fund's investment program will concentrate on making investments in companies that have significant risks as a result of business, financial, market or legal

uncertainties. There can be no assurance that Alpine Investors will correctly evaluate the nature and magnitude of the various factors that could affect the performance of Alpine Fund investments. Prices and market movements of Alpine Fund investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Alpine Funds' activities and the value of Alpine Fund investments. For these and other reasons, there can be no assurance that an Alpine Fund will be able to invest its capital on attractive terms or generate returns for its investors. The past performance of the Alpine Funds and members of Alpine Investors' management team provides no assurance of future results.

Business and Market Risks - Private equity investments of the types proposed to be made by the Alpine Funds involve a high degree of business and financial risk that can result in substantial losses. In particular, these results could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in economic and market conditions, and changes in laws, regulations, fiscal policies or political conditions in localities where investments are made. An Alpine Fund may be materially affected by conditions in the financial markets and economic conditions, including interest rates, availability and terms of credit, inflation rates, economic uncertainty, changes in laws, including tax, regulatory, or other laws, commodity prices, political circumstances, and natural disasters. Portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and service capabilities, and a larger number of qualified managerial and technical personnel.

Uncertainty Regarding Investments – Alpine Investors' investment analysis methods rely on the assumption that the companies whose assets Alpine Investors purchases and sells and other publicly-available sources of information about these investments, are providing accurate and unbiased data. There is a risk that the investment analysis may be compromised by inaccurate or misleading information. Although Alpine Investors makes every effort to conduct appropriate due diligence prior to making an investment, the due diligence process may be subjective at times, may be undertaken on an expedited basis in order to take advantage of available investment opportunities and may require a fund to rely on limited resources available including information provided by the target of the investment and third-party consultants, legal advisers, accountants and investment banks. As a result, the due diligence investigation may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Additionally, an Alpine Fund at its inception will not have identified the particular investments it will make. An investor in the Alpine Funds must rely upon the ability of Alpine Investors to make portfolio investments consistent with its investment objectives and policies.

Early-Stage Investments – A small percentage of capital within the Alpine Funds may be invested in early stage investments. These investments offer the funds opportunity for significant capital gains; however, they involve a higher degree of risk, which can result in a substantial or total loss. Many early-stage portfolio companies will operate at a loss or with substantial variations in operating performance from period to period, and many will need additional capital to support growth and development activities, expansion, or to maintain a competitive position in the market. Early-stage portfolio companies may face heightened competition from companies with greater resources.

Uncertainty of Financial Projections – Alpine Investors generally establishes financial projections for potential investments, which normally are based primarily on management judgments. Projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed, and cannot assure that the projected results will be obtained, and actual results may vary significantly from the projections.

Portfolio Concentration - Diversification is not an objective of the Alpine Funds. An Alpine Fund's portfolio may include a small number of large positions. If an Alpine Fund's investments are concentrated in a few issuers or industries, any adverse change in one or more of such issuers or industries could have a material adverse effect on the Alpine Fund investments and, therefore, the Alpine Fund. Therefore, while this portfolio concentration may enhance total returns to investors, if any large position has a material loss, then returns to the investors may be lower than if they had invested in a more diversified portfolio.

Provision of Managerial Assistance – Although the goal of Alpine Investors is to ensure that fund portfolio companies have successful management teams, there can be no assurance that any portfolio company's management team will be able to operate in such a manner. The Alpine Funds may obtain rights to participate substantially in and to influence substantially the conduct of the management of its portfolio companies. The Alpine Funds may designate directors to serve on the boards of directors of portfolio companies. The designation of directors and other measures contemplated could expose the assets of the Alpine Funds to claims by a portfolio company or its security holders and its creditors. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability, which the limited liability characteristic of business operations usually ignores. If these liabilities were to occur, the Alpine Funds could suffer losses in its investments and be required to indemnify out of the Alpine Funds' assets persons associated with the Alpine Fund for losses and damages that they incur. While the applicable general partners intend to manage the Alpine Funds in a way that will minimize exposure to these risks, the possibility of successful claims cannot be known or eliminated.

Material Non-Public Information – Alpine Investors, and its investment professionals, by reason of their responsibilities in connection with other activities, may acquire confidential or material non-public information or be otherwise restricted from initiating transactions in certain securities, in which case a fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Risk of Leverage - The companies in which the Alpine Funds invest may employ leverage, a significant portion of which may be subject to floating interest rates. The leveraged capital structure of such investments increases the exposure of the portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the portfolio companies or their industries. Leverage may also involve restrictive covenants, terms and conditions the violation of which would be viewed by creditors as an event of default and which could require the prepayment of debt using excess cash flow, or cures in the form of additional follow-in investments.

Availability of Financing – An Alpine Fund's ability to invest in portfolio companies may depend on the availability and terms of any borrowings that are required or desirable with respect to such investments. If debt financing becomes unavailable, or is excessively restrictive or costly, whether due to adverse changes in economic or financial market conditions or a decrease appetite for risk by lenders, the proposed operations of the portfolio companies and thus, the Alpine Funds could be adversely affected.

Difficulty of Locating Suitable Investments – There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable Alpine Investors to invest all of its committed capital in opportunities that satisfy Alpine Investors' investment objectives or that such investment opportunities will lead to completed investments by the Alpine Funds. The act of identifying, completing and realizing an attractive investment opportunity is highly competitive and involves a high degree of uncertainty. The Alpine Funds will compete for the acquisition of investments with many other investors, some of which may possess competitive advantages over the fund in bidding for

investments, including greater financial, technical, marketing and other resources, different risk tolerances and assessments, varying return thresholds, lower cost of capital and access to funding sources unavailable to Alpine Investors. Such competitors may include other private equity or buyout funds, industrial and financial buyers, as well as wealthy individuals and other institutional investors. The availability of investment opportunities generally will be subject to market conditions as well as, in some cases, to the prevailing regulatory or political climate. Therefore, identification of attractive investment opportunities is difficult and involves a high degree of uncertainty.

The Alpine Funds at inception will not have identified the particular investments to be made. Accordingly, an investor in the Alpine Funds must rely upon the ability of the applicable general partner and Alpine Investors to make portfolio investments consistent with its investment objectives and policies. The investor will not have the opportunity to evaluate personally the relevant economic, financial and other information that will be utilized in the selection and monitoring of investments.

Illiquidity of Investments - An investment in the Alpine Funds requires a long-term commitment, subject to certain restrictions on transferability, with no certainty of return. It is unlikely there will be significant near term cash flow available to the Partners. Many of the Alpine Funds' investments will be highly illiquid, and there can be no assurance that an Alpine Fund will be able to realize such investments at attractive prices or otherwise be able to affect a successful realization or exit strategy.

Distributions - There can be no assurance that the operations of the Alpine Funds will be profitable, that the Alpine Funds will be able to avoid losses or that cash from its investments will be available for distribution to the investors. The Alpine Funds will have no source of funds from which to make distributions to investors other than income and gain received on its investments and the return of capital. In addition, it is possible that portfolio companies may generate taxable income and that there will not be funds available from which to make distributions to the investors.

Illiquidity of Interests - Investors are not entitled to withdraw their capital contributions, and interests may not be sold, assigned or transferred without the written consent of the applicable general partner, which consent may be granted or withheld in its sole discretion. There is no public market for the interests in the Fund, and none is expected to develop. Accordingly, interests in the Alpine Funds constitute illiquid investments and should only be purchased by persons able to bear the risk of their investment for an indefinite period of time.

Additional Follow-On Investments - Some Alpine Fund portfolio companies, especially those in a start-up phase, may require additional financing to satisfy their working capital requirements or acquisition strategies. A fund also may make additional debt or equity investments or exercise warrants, options or convertible securities that were acquired in the initial investment in a portfolio company in order to preserve the fund's proportionate ownership when a subsequent financing is planned, or to protect the fund's investment when a portfolio company's performance does not meet expectations.

There can be no assurance that the Alpine Fund will wish to make follow-on investments or that the Alpine Fund will have sufficient funds to do so or that such additional investment would not exceed the Alpine Fund's diversification limit. Any decision by the Alpine Funds not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish the applicable Alpine Fund's ability to influence the portfolio company's future development or significantly dilute such Alpine Fund's ownership in such portfolio company.

Liabilities Upon Disposition - As part of the disposition process of an investment in a portfolio company, an Alpine Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business and may be

responsible for the content and disclosure documents under applicable securities laws. A fund also may be required to indemnify the purchasers of such investment or underwriters to the extent that any such representation or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities of a fund. While the Alpine Funds have liability coverage, the nature and extent of the liabilities may or may not fit within the terms and limits available.

Third Party Involvement – An Alpine Fund may co-invest with third parties through joint ventures or other entities, and those investments may involve risks in connection with such third-party involvement. A third-party co-venturer may have financial, legal or regulatory difficulties, negatively affecting such investment, may have economic or business interests or goals that are inconsistent with those of the fund or may be in a position to take or block action contrary to the fund's investment objectives. In addition, the Alpine Fund may, in certain circumstances, be liable for actions of its third party co-venturers or partners.

Controlling Interests - An Alpine Fund may often be considered to control, participate in the management of or influence the conduct of portfolio companies due to its equity ownership, representation on the board of directors and/or contractual rights. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, pension and other fringe benefits, failure to supervise management, violation of laws and governmental regulations (including but not limited to securities laws) and other types of liability, for which the limited liability generally afforded to investors may be ignored. If these liabilities were to arise, a fund may suffer a significant loss.

Non-Controlling Investments – An Alpine Fund may hold less than 50% of the outstanding voting interests of a portfolio company, or may hold investments in debt instruments or other securities that do not entitle the fund to voting rights. This may limit the ability of the fund to protect its investment in such portfolio company.

Conflicts of Interest - Alpine Investors and its respective affiliates, employees and agents may be subject to certain conflicts of interest involving themselves on one hand and the Alpine Funds on the other hand.

The following discussion enumerates certain potential conflicts of interest:

- *Diverse Membership* - Investors in the Alpine Funds may include persons or entities organized in various jurisdictions. As a result, conflicts of interest may arise in connection with the decisions made by Alpine Investors or the applicable general partner that may be more beneficial for the applicable general partner or one type of investor than for another type of investor, including investors affiliated with Alpine Investors. In addition, the Alpine Funds may make investments which may have a negative impact on related investments made by the investors in separate transactions. In selecting investments appropriate for an Alpine Fund, Alpine Investors will consider the investment objectives of the Alpine Fund as a whole, not the investment objectives of any investor individually.
- *Tax Considerations* - The investors may have conflicting tax and other interests with respect to their Alpine Fund investments. The conflicting interests of individual investors may relate to or arise from, among other things, the nature of Fund investments, the structuring or the acquisition of investments and the timing of disposition of Fund investments. As a consequence, conflicts of interests may arise in connection with decisions made by the applicable general partner or Alpine Investors, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Alpine Funds, the applicable general partner and Alpine Investors will consider the investment and tax

objectives of the Alpine Funds and its investors as a whole, and not the investment, tax or other objectives of any investor individually.

- *Carried Interest* - The general partner of each Alpine Fund will receive a carried interest as described under Item 6 above. The existence of this carried interest may create an incentive for the applicable general partner to make more speculative investments on behalf of an Alpine Fund than it would otherwise make in the absence of such carried interest.
- *Operation of Fund Assets* - Properties and entities in which an Alpine Fund may have an ownership interest may be in direct competition with properties and entities in which the Investment Advisor and its other affiliates have an ownership interest, and the Investment Advisor or its affiliates may be subject to conflicts of interest with respect to the operation of properties owned by the Fund.
- *Tax Matters Partner* - Finally, each limited partnership must have a designated “tax matters partner” with authority to act for the limited partnership in certain dealings with the IRS. The General Partner will be designated as the tax matters partner for the Alpine Fund. To the extent that the characterization for federal income tax purposes of a particular “partnership item” may be more or less favorable to the tax situation of the applicable general partner or any of its affiliates as opposed to that of the investors, a conflict of interest will exist.

Allocation of Expenses - Alpine Investors and its employees and affiliates may from time to time incur expenses on behalf of itself, the applicable general partner, the Alpine Funds and one or more existing or subsequent entities established by Alpine Investors. Although Alpine Investors and its employees and affiliates will attempt to allocate such expenses on a basis that they consider equitable, there can be no assurance that such expenses will in all cases be allocated appropriately.

Limitations on Limited Liability of Investors - The Alpine Funds are organized as limited partnerships. Accordingly, an investor will not be personally liable for the debts of an Alpine Fund except that the investors may, under applicable law or under the provisions of an applicable partnership agreement, be obligated to repay amounts previously received by them (i) to the extent such amounts are deemed to have been wrongfully distributed to them, or (ii) in connection with other provisions of the applicable partnership agreements including, for example, in connection with Alpine Fund indemnification obligations.

Defaults by Investors - The consequences of defaulting on a capital call may be material and adverse to the defaulting investor. If an investor fails to contribute any portion of its Commitment upon a call by the applicable general partner, such investor may be subject to a number of remedies available to the applicable general partner, including an immediate 50% reduction of its capital account, loss of the right to receive distributions and to vote, and the incurrence of liability for all costs, expenses and/or damages resulting from its failure to contribute such capital. The defaulting investor could lose its entire investment in an Alpine Fund and remain liable for amounts due in respect of its Commitment (including payments of Management Fees), as well as for interest on such amounts at the maximum rate permitted by law.

Extensive Government Regulation – The impact of government regulation of certain industries (e.g., gaming) in which a fund may invest creates uncertainty and risks for the funds. Obtaining regulatory approvals and modifying portfolio company direction as a result of a change in the regulatory environment can be a lengthy and expensive process with uncertain outcome. Additionally, the ability to gain necessary regulatory approvals and the timeliness in which this can be achieved could materially and adversely affect portfolio company success.

Increased Regulatory Scrutiny - The financial services industry, and the activities of private investment funds and their managers, have been subject to increasing regulatory oversight. Such scrutiny may increase Alpine Investors' exposure to potential liabilities as well as legal, compliance, and administrative costs. Increased regulatory oversight may impose administrative costs involved with the implementation of new policies and procedures, the filing of additional information, and time, attention, and resources from Alpine Investors' management which may divert attention from the management of portfolio companies. According to the regulations, it is expected that from time to time, Alpine Investors' officers will have contact with governmental authorities and/or be requested to respond to inquiries or examinations.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") aims to reform various aspects of the U.S. financial markets. This has affected private fund managers, the funds they manage, and the financial industry as a whole. Some of these changes are anticipated to add expenses to the legal, operations and compliance responsibilities of Alpine and increase the amount of time Alpine spends on non-investment related activities. The Dodd-Frank Act will also affect a range of market participants with whom the Alpine Funds interact.

Compliance with U.S. Anti-money Laundering Requirements - In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, the applicable general partner may request investors to provide additional documentation verifying, among other things, such investors' identity and source of funds used to purchase Limited Partner Interests. The applicable general partner may decline to accept a subscription if this information is not provided or on the basis of such information that is provided. Requests for documentation and additional information may be made at any time during which an investor holds an interest in an Alpine Fund. The applicable general partner may be required to provide this information, or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the investors that the information has been provided. The applicable general partner will take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives, or special measures.

Changes in Applicable Tax Laws and Tax Risks - There may be changes in tax laws or interpretations of such tax laws adverse to an Alpine Fund or its investors. There can be no assurance that the structure of an Alpine Fund or of any investment will be tax efficient to any particular investor, or that the Internal Revenue Service will not challenge any tax provision taken by an Alpine Fund. Prospective investors are urged to consult their own tax advisers with reference to their specific tax situations, including any applicable U.S. state or local or non-U.S. taxes and, in the case of U.S. tax exempt investors, with reference to any special issues that investment in the Fund may raise for such investors. There can be no assurance that an Alpine Fund will have sufficient cash flow to permit it to make annual distributions in the amount necessary to pay all tax liabilities resulting from limited partners' ownership of partnership interests in the Alpine Fund.

Risks Related to the Operation of an SBIC

Debenture Leverage - The SBIC Subsidiary will make investments in U.S. small businesses within the meaning of SBA regulations and expects to utilize Debenture Leverage. The use of Debenture Leverage by the SBIC Subsidiary will increase both the potential for gain on, and the potential for loss of, an investor's investment in Fund IV. The SBIC Subsidiary will be required to make semi-annual interest payments on drawn Debenture Leverage, which in general have a priority over payments to Fund IV that could be available for distribution to investors. The ability of investors to realize a gain on their investment is, to a significant degree, a function of the ability of the SBIC Subsidiary to meet current interest payments on drawn Debenture Leverage and to pay the remaining principal at the end of the 10-year life of each debenture instrument. In addition, the greater the volatility, due to the use of

Debt Leverage, of gain or loss realized by investors on the SBIC Subsidiary's investments may magnify the incentive of the applicable general partner to pursue riskier investments with greater potential for gain than might otherwise be the case.

If at the end of the SBIC Subsidiary's term amounts to which the SBA is entitled have not been paid in full, the SBA will generally be able to require the SBIC Subsidiary to call any remaining unfunded commitments from Fund IV which would cause Fund IV to call any remaining commitments of the investors for purposes of enabling the SBIC Subsidiary to make these payments to the SBA.

Possible Limitations on Available Debt Leverage - There can be no assurance that the Debt Leverage SBIC program will be maintained at current levels. The SBA has committed to reserve Leverage (as defined in 13 CFR 107.50) in the form of debt securities in an amount equal to \$60,000,000.00 to be issued by the SBIC Subsidiary. Each issuance of Leverage is conditioned upon the SBIC Subsidiary's creditworthiness and full compliance with the SBIC regulations (each as determined by the SBA). The SBA may limit the amounts that may be drawn each year under the Commitment Letter.

Possible Changes to Regulatory Scheme - Congress may amend or supplement the SBIC Act, and the SBA may amend or supplement the SBIC regulations, in a manner that imposes additional regulatory burdens upon or otherwise adversely affects the SBIC Subsidiary.

Item 9 Disciplinary Information

Alpine Investors and its management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Alpine Management Services IV, LLC, which is a related person of Alpine, is the investment adviser to the SBIC Subsidiary, a licensed Small Business Investment Company (SBIC), license number 09/09-0461, under the provisions of Section 301(c) of the Small Business Investment Act of 1958, as amended, effective December 18, 2009. All financing and investing activities of the Licensee and all distributions are governed by the SBA regulations. All of the limited partnership interest of the SBIC Subsidiary is owned by Fund IV.

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

Alpine Investors has adopted a Code of Ethics which sets forth high ethical standards of business conduct required of its employees, including compliance with applicable federal securities laws.

Alpine Investors and its personnel owe a duty of loyalty, fairness and good faith towards its clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

The Code of Ethics includes policies and procedures for the review by the Chief Compliance Officer of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, the Code of Ethics also requires, consistent with SEC regulations, the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. The code also provides for oversight, enforcement and recordkeeping provisions. The Alpine Investors Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. A copy of the Alpine Investors Code of Ethics is available to our advisory clients and prospective clients upon request.

Conflicts of Interest

Alpine Investors may, in its discretion, contract with any related person of Alpine Investors, including but not limited to a portfolio company of an Alpine Fund, to perform services for Alpine Investors in connection with its provision of services to an Alpine Fund. It also may recommend to an Alpine Fund or portfolio company that it contract for services with a related person or an entity with which Alpine Investors or a member of its personnel otherwise derives financial or other benefit. When engaging a related person to provide such services or making such a recommendation, Alpine Investors may have an incentive to recommend the related person or services even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Alpine Investors and certain of its professionals will often perform management, advisory, financial advisory and other services for, and will receive fees from, actual or prospective portfolio companies or other investment vehicles, which fees will be in addition to any asset-based fees or carried interest paid by the Alpine vehicle. Subject to the terms of the relevant limited partnership agreements for the Alpine Funds, Alpine Investors is permitted to retain all or a portion of such fees and the Alpine Funds will benefit from these fees only to the extent set forth in such limited partnership agreements.

Certain Alpine professionals, in connection with the monitoring of portfolio company investments, also may serve on the board of directors of certain portfolio companies. In these circumstances, it is possible for such professionals to receive director's fees, options and/or other equity compensation in connection with such services. While such compensation may initially be received by the applicable professionals, such compensation is transferred to the applicable Alpine Fund such that the compensation paid to professionals for this service is for the benefit of the applicable Alpine Fund only.

Occasionally, an Alpine Fund may make a follow-on investment in a portfolio company in which another Alpine Fund has previously invested. Such investments will be made in accordance with the provisions of the applicable fund documents, including the conflict of interest provisions contained therein. In certain cases, transactions involving an actual or potential conflict of interest will be subject to approval by an Alpine Fund's limited partners or an advisory committee comprised of limited partners.

In certain circumstances where the amount of capital needed for a transaction exceeds the amount that an Alpine Fund can prudently commit, Alpine Investors may offer co-investment rights to certain limited partners in the Alpine Fund and to other investors who are believed to have the capacity or willingness to consider an additional investment. In such circumstances, Alpine Investors would first determine the amount that the Alpine Fund would be able to commit and will offer only the excess to potential co-investors. Alpine Investors is not obligated to offer co-investment opportunities to all investors. Alpine Investors personnel may also be offered such co-investment opportunities.

Other Potential Conflicts

Investments made by the SBIC Subsidiary, are subject to the regulations of Title 13 of the Small Business Investment Act, Chapter 1, Part 107, Small Business Investment Companies. The increased governmental oversight and regulations may restrict or cause deals to be modified differently than they otherwise may have been in order to meet compliance. Such scrutiny may increase Alpine Investors' exposure to potential liabilities as well as legal, compliance, and administrative costs. This regulatory oversight may impose administrative costs involved with the implementation of new policies and procedures, the filing of additional information, and time, attention, and resources from Alpine Investors' management which may divert attention from the management of portfolio companies. According to the regulations, it is expected that no less than annually, Alpine Investors' officers will have contact with governmental authorities and/or be requested to respond to inquiries or examinations.

Resolution of Conflicts

From time to time, Alpine Investors may be faced with actual or potential conflicts of interest affecting one or more Alpine Funds. Alpine Investors will seek to resolve conflicts, after considering the best interests of each of the Alpine Funds affected, and will take into consideration such factors as it deems relevant in resolving any conflicts. The following factors may reduce, but will not eliminate, conflicts of interest affecting one or more of the Alpine Funds:

- An Alpine Fund will not make any investment unless Alpine Investors and Alpine Investor's general partner believe that such investment is an appropriate investment considered solely from the viewpoint of such Alpine Fund;
- Procedures, restrictions or other provisions contained in the relevant offering for the Alpine Funds are intended to assist in the resolution of conflicts;
- The advisory committees for an Alpine Fund, whose members are not affiliated with the general partner of such fund, play a key role in resolving conflicts of interest by approving or disapproving decisions that involve certain conflicts of interest referred to it by such fund's general partner in accordance with the relevant offering documents for that Alpine Fund.

Item 12 Brokerage Practices

Investment or Brokerage Discretion

Alpine Investors typically purchases investments directly from private owners and does not typically engage brokers to effect transactions. However, Alpine Investors has sole discretion over the purchase and sale of investments and the broker or dealer, if any, to be used to effect transactions. When applicable, Alpine Investors will seek the best price and execution available except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services.

Alpine Investors has no formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from client transactions (so called "soft dollar" arrangements).

Alpine Investors will periodically evaluate the overall reasonableness of the brokerage commissions and negotiated terms paid to or made with broker-dealers with respect to client transactions by, among other things, seeking to compare such commissions and terms with the commission rates and negotiated terms being charged by and entered into with other comparable broker-dealers.

Principal Transactions

Generally, Alpine Investors does not act as the principal in transactions with the Alpine Funds or cause the Alpine Funds to engage in transactions among themselves; however, such transactions may be effected in rare instances. In the event that Alpine Investors determines to effect transactions with or between Alpine Funds, Alpine Investors will seek to ensure that such transactions and any related disclosures are made consistent with applicable laws and agreements and Alpine Investors' policies and procedures. In particular, Alpine Investors will seek to ensure that the transaction is:

- in Alpine Investors' judgment, in the best interests of each Alpine Fund participating in the transaction;
- in compliance with any investment guidelines or restrictions applicable in the circumstances; and

- entered into only after obtaining any advisory committee or investor approvals of the transaction's terms and conditions as are required by the applicable fund formation documents.

In effecting these transactions, Alpine Investors will seek to ensure that the purchase or sale is effected at a price that is comparable to the price that could be obtained through an arm's length transaction with a third party and that is otherwise fair to both parties. If the security involved is illiquid, Alpine Investors will review relevant public and available private pricing sources to assist in making its determination of fairness. However, due to the illiquid nature of most of Alpine Investors' investments, the fairness of the transaction to each Alpine Fund involved in the transaction cannot be assured.

Item 13 Review of Accounts

Reviews

Alpine Investors' Managing Member, Mr. Weaver, and/or other Alpine Investors professionals monitor the portfolio companies of the Alpine Funds and generally maintain ongoing oversight of such portfolio companies. The investment portfolios of the Alpine Funds are primarily private, illiquid and long-term in nature. Review may become more frequent should material changes in variables of the market, political or economic environment occur.

Reporting

Alpine Investors and its professionals prepare quarterly letters which review and analyze existing investment positions. These letters are provided to the limited partners of the Alpine Funds to update them on such portfolio positions and related matters.

Investors in the Alpine Funds are also furnished with quarterly financials, which include summaries of investment holdings, and annual reports containing financial statements examined by the Alpine Funds' independent auditors within 120 days after the end of each calendar year.

Item 14 Client Referrals and Other Compensation

Alpine Investors and its related person may occasionally receive discounts on products and services provided by portfolio companies held by the Alpine Funds. Alpine Investors engages solicitors from time to time to pay related or non-related persons for referring potential clients to the firm. Prospectively, the use of solicitors would be done in accordance with applicable SEC rules, which may require full disclosure of the arrangement and a written client acknowledgment.

Item 15 Custody

The general partners of the Alpine Funds are deemed to have custody of client assets. Accordingly, upon the effectiveness of Alpine Investors' registration as an investment adviser, client funds and securities will be held in safekeeping by a qualified custodian.

The Alpine Funds deliver audited financial statements audited by a PCAOB-member registered accounting firm within 120 days of the end of each calendar year, and accordingly comply with applicable provisions and exemptions contained in the SEC Custody Rule 206(4)-2(b)(4). This rule exempts Alpine Investors from engaging a registered accounting firm to perform a surprise control audit generally required by the Custody Rule and from the requirement that the custodian deliver periodic statements to Alpine Fund investors.

Item 16 Investment Discretion

Pursuant to the Limited Partnership Agreement of each Alpine Fund, and subject to the direction and control of the general partner of such Alpine Fund, Alpine Investors performs the day-to-day investment operations of each Alpine Fund in accordance with the terms and conditions of the Limited Partnership Agreement of such Alpine Fund.

Item 17 Voting Client Securities

Due to the nature of the Alpine Funds, Alpine Investors does not vote proxies. The general partners of the Alpine Funds retain the authority to vote securities and take other actions with respect to portfolio companies as provided in the applicable fund documents. Alpine Investors does not offer consulting assistance regarding proxy issues to a client.

Item 18 Financial Information

As an advisory firm that maintains discretionary authority for the Alpine Funds, Alpine Investors is required to disclose any financial condition that is reasonably likely to impair the ability to meet contractual obligations. Alpine Investors is under no such impairment.