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This brochure provides information about the qualifications and business practices of LLR Management, L.P. If you have any questions about the contents of this brochure, please contact Michelle Vaughn at (215) 609-3365 or mvaughn@llrpartners.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 LLR Management, L.P. also is available on the SEC's website at www.adviserinfo.sec.gov.

LLR Management, L.P. is registered as an investment adviser with the United States Securities and Exchange Commission. Registration does not imply a certain level of skill or training.

Item 2. Material Changes

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization, which are included herein.

The following is a discussion of only material changes since our brochure filing dated February 14, 2012

Cover Page: Updated the Chief Compliance Officer information.

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Item 3. General Information about LLR Management, L.P.

- A. Description of advisory firm and principal owners.** LLR Management, L.P., (“LLR”) is a private equity investment management firm that provides capital to middle market growth companies in a broad range of industries. LLR was co-founded in 1999 by Partners Ira M. Lubert, Howard Ross and Seth Lehr (the “Co-Founders”). The Co-Founders have over 50 years of private equity and middle market growth company experience. The Co-Founders plus four additional Partners (collectively, the “Managing Partners”) and LLR are supported by approximately 20 other investment professionals with broad financial experience related to various industries such as health care services, information technology services, financial and business services, education services, and consumer oriented services.

References herein to LLR may include, as the context requires, various entities controlled by LLR or its Managing Partners and through which LLR provides investment management services, such as entities that serve as general partner to limited partnerships.

- B. Advisory services offered.** LLR provides investment management services exclusively to Clients that are privately offered pooled investment vehicles (each a “Fund” or “Client” and, collectively, the “Funds” or “Clients”) to which each Fund’s general partner is an affiliate of LLR. No Fund’s shares are offered hereby and each Fund is open for investment only via a “private offering.” The Funds are intended only for investment by accredited investors, qualified purchasers and qualified clients as those terms are defined under the federal securities laws.

LLR’s advice is generally focused on investing in lower middle market growth companies. Each Fund’s investment objective seeks to provide a certain level of returns net of fees and expenses as described in detail in each Fund’s offering documents. In addition, each Fund strives to emphasize capital preservation while trying to generate equity returns utilizing investments.

Each Fund’s investment strategy will involve a high degree of financial risk, and there will be no assurance that a Fund’s rate of return objectives will be realized or that there will be any return of capital. Investors should be prepared to bear the risk of principal.

- C. Tailoring to individual needs.** Though LLR utilizes a similar strategy for all of the Funds, it tailors advisory services to the specific needs of the Funds in accordance with the investment objectives, strategies and limitations (if any) described in each Fund’s respective offering documents and partnership agreements and not to the individual investors or limited partners.
- D. Wrap fee programs.** LLR does not participate in wrap fee programs.

- E. Assets under management.** Not including uncalled capital, LLR managed approximately \$905,107,781 of Client assets on a discretionary basis as of December 31, 2011, and \$0 on a non-discretionary basis.

Item 4. Fees and Compensation

- A. How LLR is compensated for advisory services.** LLR does not have a standard fee schedule for its advisory services. The specific terms for the compensation of LLR by each Fund are dictated by each Fund's charter documents, offering documents, management and advisory agreements, and any other applicable agreements (such as side letters or waivers).

Management Fee. Each Fund generally pays an annual management fee (the "Management Fee"). A Fund's Management Fee generally will represent a percentage of total capital commitments during a Fund's investment period as described in each Fund's offering documents and partnership agreements. Thereafter, the Management Fee will be reduced to a percentage of the aggregate invested capital for the remainder of the term of a Fund, less permanent writedowns where applicable. The Management Fee generally ranges from 1.75% to 2%.

Carried Interest. LLR is also entitled to receive a distribution of the investment proceeds from the Funds, subject to certain conditions such as the prior return of all capital contributed to the Funds by investors and/or prior payment to Fund investors of a preferred return on invested capital. Proceeds available for distribution will consist principally of cash generated from each Fund's investment dispositions and other Fund income net of partnership expenses. Certain of these distributions are referred to as the "Carried Interest." A Carried Interest is charged in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended.

Other Fees Received. On occasion, LLR may receive acquisition fees, supervisory fees, advisory fees, director's fees, transaction fees, break-up fees, or other fees in direct connection with partnership activities ("Special Income"). If received, Special Income may be used to offset the management fee or otherwise be credited to, or shared with, in a manner more fully described in each Fund's offering documents and partnership agreements, where applicable.

Certain investors in the Funds, who are generally related persons, employees, and partners of LLR or the Funds, including affiliated persons and others, may not be subject to the Management Fee and/or the Carried Interest in connection with their investment in the Funds.

- B. Deduction of fees from invested assets.** LLR's compensation is deducted from the assets or distributions of the Fund as more fully described in the Fund's offering documents and partnership agreements. Fund investors are not separately billed for services. Management Fees are paid quarterly in advance.

Carried Interest is paid upon the distribution of proceeds generated by the dispositions of each Fund's portfolio investments and pursuant to a priority distribution waterfall after the return of invested capital and a preferred return.

Other types of fees or expenses. As set forth in the Funds' offering documents, the Funds are be responsible for all expenses related to its activities, including legal, auditing and accounting expenses, costs related to the purchase or sale (whether or not consummated) and holding of investments, travel, research costs, interest on borrowed funds, taxes, commissions and brokerage fees, the cost of directors' and officers' liability insurance and indemnification expenses, extraordinary expenses such as litigation and "broken deal" expenses and expenses associated with annual meetings of the Funds and the Funds' various committees. Additionally, the Funds will be responsible for all offering and organizational expenses incurred in the formation of the Funds, subject to limitation, by Fund. The Funds do not pay any finders' fees or brokers' fees in connection with the offering and placement of Fund interests to limited partners.

The above list of expenses is not intended to be exhaustive; existing and prospective investors in the Funds are advised to review the applicable Fund offering materials and organizational agreements for a more extensive description of the fees and expenses associated with each Fund.

Any expenses common to the Funds and to any other funds or accounts managed by LLR or its affiliates generally will be allocated among such entities on a basis reasonably believed by LLR and the managers of the other funds (as applicable) to be equitable based on the relevant facts, such as the relative sizes of the participating funds and the particular circumstances that caused the expense to be incurred with respect to each participating fund.

- C. Payment of fees in advance.** In the event that a Fund's investment advisory agreement with LLR terminates during a period covered by Management Fees paid in advance, LLR would pro rate such Management Fee and reimburse the portion of such Management Fee covering the remainder of the period.
- D. Compensation for sales of the Funds.** Neither LLR nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of the Funds.

Item 5. Performance-Based Fees and Side-By-Side Management

As described in Item 5, LLR may be paid a Carried Interest. LLR and certain of its supervised persons receive incentive compensation, which is tied explicitly to the performance of the particular Fund, and such compensation will continue to be earned based upon the performance of a Fund's portfolio as a whole, rather than that of individual transactions.

The existence of the Carried Interest may create an incentive for LLR to cause a Fund to make riskier or more speculative investments than would be the case in the absence of the Carried Interest.

LLR does not have side-by-side management.

As a fiduciary to its Clients, LLR's compliance policies and procedures and its code of ethics policy (collectively, the "Compliance Program") prohibit the favoring of one account over another or considering LLR's financial interest when providing investment advice to the Funds. In addition, any individual whose compensation includes Carried Interest is paid based on the Fund's overall performance, not the outcome of any single transaction or investment.

Item 6. Types of Clients.

LLR provides discretionary investment advisory services to Funds that are privately offered pooled investment vehicles. As noted above, each investor is required to meet certain suitability qualifications, such as being an accredited investor, a qualified client or a qualified purchaser within the meaning set forth under the Federal securities laws. Investors in the Funds may include, but are not limited to, pension plans, corporate and business entities, endowments and foundations, trusts, and high net worth individuals. The Funds require minimum capital commitments from investors, as specified in each Fund's offering documents. Each Fund's general partner has the discretion to waive or reduce the minimum capital commitment and may have done so for certain investors. Required commitments by the general partner may also be funded by contributions from the Managing Partners, employees of LLR and others.

Item 7. Methods of Analysis, Investment Strategies and Risk of Loss

- A. Investment Strategies.** As more fully described in each Fund's offering documents, LLR employs a disciplined methodology to identify investment opportunities. LLR's investment strategy is to make private equity investments in lower middle market growth companies in order to generate capital appreciation. Each Fund is generally designed to (i) forge partnerships with high quality management teams; (ii) invest in businesses that look to have attractive growth potential; and (iii) price transactions with a focus on value.; Each prospective investor is advised to read the Fund offering documents and partnership agreements that more fully describe each Fund's investment objective and strategy and the risks associated with them.

There can be no assurance that each Fund's objective and strategy will achieve any particular returns or avoid a loss. A Fund's ability to achieve returns will depend on a variety of factors, many of which are beyond its or LLR's control.

- B. Investment risks.** Investing in securities involves risk of loss that investors must be prepared to bear. The Funds' private offering documents include more detailed disclosure of the risks of investing in the Funds; any prospective Fund investor should carefully read such documents before considering an investment. Among

other risks described more fully in the private offering documents, the Funds' investments entail the following risks:

1. ***Nature of Investment.*** An investment in the Funds requires a long-term commitment with no certainty of return. There likely will be little or no near-term cash flow available to the Limited Partners. Most of the Funds' investments will be highly illiquid, and there can be no assurance that the Funds will be able to realize returns on such investments in a timely manner. Dispositions of such investments may require a lengthy time period or may result in distributions in kind to the partners. Generally, the Funds will not be able to sell these securities publicly without the expense and time required to register them under the Securities Act or will be able to sell the securities only under Rule 144 or other rules under the Securities Act that permit only limited sales under specified conditions. Since the Funds may only make a limited number of investments and since the Funds' investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to the limited partners.
2. ***Difficulty of Locating Suitable Investments.*** The Funds may be unable to find a sufficient number of attractive opportunities to meet its investment objectives. An investor in the Funds must rely on the ability of the general partner to identify, structure and implement investments consistent with the Funds' objectives and policies. Investors in the Funds will not have the opportunity to evaluate business, financial and other information that will be used by the general partner in its analysis, selection and monitoring of portfolio company investments for the Funds.
3. ***Illiquidity of Portfolio Investments.*** Investments in most of the portfolio companies will be highly illiquid until such time as the investment is sold or a public market is created. There can be no assurance that the Funds will successfully liquidate their investments in portfolio companies upon a sale, a public offering or otherwise.
4. ***Unspecified Investments.*** An investment in the Funds represents an investment in the ability of the general partner and/or the management company to select appropriate investments on behalf of the Funds rather than an investment in a specific portfolio of assets. Investors will not have the opportunity to personally evaluate the relevant economic, financial and other information that will be utilized by the general partner, the management company or any general partner of a subsidiary in their selection and evaluation of additional investments. It is possible that the Funds will not fully invest their capital if sufficiently attractive investments are not identified or, if identified, are not consummated. There can be no assurance that the Funds will be able to identify and complete investments or that the Funds' investments will be successful.

5. ***Risk of Certain Investments.*** In connection with the disposition of an investment in a portfolio company, the Funds 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. It may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the partners to the extent of their commitment.

The Funds may invest in companies that are financially leveraged or troubled or potentially troubled and may be or have recently been involved in restructurings, bankruptcy, reorganization or liquidation. Securities of such companies are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. As a result, the Funds may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard that is a prerequisite to the Funds' investments in any security. Securities in which the Funds may invest may rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of whose debt securities may be secured by substantially all of the issuer's assets. Moreover, the Funds may invest in securities that are not protected by financial covenants or limitations on additional indebtedness.

6. ***Investments in Privately Held Companies Present Challenges.*** The Funds will invest in privately-held companies. Generally, very little public information exists about these companies, and the Funds will be required to rely on the ability of the general partner to obtain adequate information to evaluate the potential returns from investing in these companies and to effectively structure transactions to protect the Funds' interests. Moreover, these companies typically depend upon the management talents and efforts of a small group of individuals, and the loss of one or more of these individuals could have a significant impact on the investment returns from a particular portfolio company. Also, these companies frequently have less diverse product lines and a smaller market presence than larger competitors. They are generally more vulnerable to economic downturns and may experience substantial variations in operating results that may not impact other companies in the same industry.

7. ***Control Position.*** The Funds may obtain a controlling or other substantial position in a portfolio company. If such a position is taken, the Funds may be required to make filings concerning its holdings, and it may become subject to regulatory restrictions that could limit the ability of the Funds to dispose of its holdings at the times and in the manner the Funds would prefer. Violations of any such regulatory requirements could subject the Funds to significant liabilities. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise

management and other types of liability in which the limited liability generally characteristic of business operations may be ignored. In addition, the Funds may incur large expenses when taking control positions in distressed securities and due to the uncertainty of such investments, there is no guaranty that such expenses can be recouped. Also, there is no guaranty that the Funds will succeed in obtaining control positions. This could result in the investments being frozen in minority positions that incur substantial losses.

8. ***Minority Ownership Positions.*** The Funds also may invest in minority positions of portfolio companies. In such cases, the Funds may not be able to exert the same influence or control over the management of the portfolio companies as would be the case if the Funds maintained a controlling interest in such portfolio companies. In these cases, while the Funds may not acquire a controlling position in the business, LLR typically pursues investment structures that include, but are not limited to, preferred securities with a mandatory redemption right exercisable after a certain number of years, board representation and other protective provisions requiring the consent of LLR for certain corporate matters. Even with such structuring in place, the Funds' investment will be reliant on the portfolio company's management and board, which may include parties whose interests may conflict with the interests of the Funds. In cases in which the Funds do not maintain a controlling interest, the Funds may be subject to the discretion of others as to the management of such portfolio companies. These parties may execute a management plan or make strategic judgments that differ from that of the Funds, in which case, the performance of the Funds' investments in such companies may be subject to the decisions of such parties. There can be no assurance that the existing management team of a portfolio company will operate the portfolio company in accordance with the Funds' plan or in a manner in which the Funds would manage such investment if they maintained greater control.
9. ***Investments Outside the U.S. and Canada.*** The Funds may invest, to a limited extent, in portfolio companies whose principal places of business are located outside the U.S. or Canada, and overseas investments may entail risks not present in U.S. markets. These risks include the possibilities that foreign markets may not be as developed or efficient as those in the United States, that securities of some foreign issuers may be less liquid than those of comparable U.S. issuers, that volume and liquidity in most foreign markets are less than in the United States, and that at times volatility of price can be greater than in the United States. In addition, applicable regulations may be less stringent or different than in the U.S., less information may be publicly available, and non-U.S. issuers may not be subject to accounting and financial reporting standards, practices and requirements comparable to those applicable to U.S. issuers. Many of the potential risks that exist in overseas markets may also exist in Canada. Moreover, because evidences of ownership of such instruments may be held outside the United States, the Funds may be subject to additional risks, including possible adverse political and economic

developments, possible seizure or nationalization of foreign deposits and possible adoption of governmental restrictions, which might adversely affect payments on foreign instruments or might restrict payments to foreign investors.

10. ***Concentration.*** Because the Funds have the ability to concentrate their investments by investing a certain amount of their commitments in a single portfolio company and an unlimited amount of their assets in a single industry, the overall adverse impact on the Funds of adverse movements in the value of the securities of a single issuer or industry will be considerably greater than if the Funds were not permitted to concentrate its investment to such an extent.
11. ***Leverage.*** The Funds may also invest in portfolio companies, which may borrow without limitation, and may utilize various lines of credit and other forms of leverage. While leverage presents opportunities for increasing a portfolio company's total return, it has the effect of potentially increasing losses as well. The use of leverage results in increased interest expense and other costs to the company that may not be covered by revenues during economic downturns. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the portfolio company's net assets will decrease. Accordingly, any event that adversely affects the value of an investment by a portfolio company would be magnified to the extent a portfolio company is leveraged.

Leverage also may impose restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. Leveraged borrowers will expose the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Funds' investments in leveraged entities in a down market. In the event any borrower cannot generate adequate cash flow to meet debt servicing, the Funds may suffer a decrease in income or loss of principal, which could adversely affect the returns of the Funds.

12. ***Competition for Investments.*** The Funds will be subject to intense competition for investment opportunities with many sources of capital, including other private equity funds, financial buyers, strategic buyers and other financing sources. The population of financial buyers has increased in the past several years, and the aggregate capital available to such buyers is significant and at a historic high. Strategic buyers have been very active and often will pay more for an investment given the perceived synergies with their existing businesses. Some of these competitors may have more relevant experience, greater financial resources and more personnel than the General

partner and the management company. Additionally, such competitors may also be able to accept (or be willing to take on) more risk than the Funds deem prudent. Increased competition would make it more difficult for the Funds to originate, negotiate and close investments at attractive prices. In addition, the Funds may make investments in foreign markets, which will add a new level of competition. As a result of this competition, sometimes the Funds may be precluded from making otherwise attractive investments or may be required to compete with other market participants for investment opportunities. There can be no assurance that the Funds will be able to invest its capital on terms favorable to the Funds or in comparison to its competitors.

- 13. *Reliance on Management.*** Decisions with respect to the management of the Funds will be made by their respective general partners with the advice of the management company. The success of the Funds will depend on the ability of each Fund's general partner and the management company to identify and consummate suitable investments, improve the operating performance of portfolio companies and dispose of the investments at a profit. The loss of the services of one or more of key personnel could have an adverse impact on the Funds' ability to realize its investment objectives. In addition, Mr. Lubert is a principal of several investment funds, has several investments in operating businesses and may become involved as a principal in future investment funds. Thus, he will have demands made on his time from his other activities that will limit his available time commitment to the Funds.
- 14. *Investment Guarantees and Indemnities.*** While historically the prior Funds have not been required to enter into guarantees of investment-level obligations or indemnities related to the investment with third parties, newer Funds may be required to do so in the future. These guarantees and indemnities may provide for joint and several liabilities between a main Fund and a parallel fund. If they do, it is possible that either the main Fund or a parallel Fund would be required to pay amounts under these agreements that exceed their respective pro rata share (based on relative amounts invested) of the obligation or even the full amount of the obligation. To address this possibility, if they enter into joint and several guarantees or indemnities, a main Fund and a parallel Fund will enter into a cross-indemnity between themselves pursuant to which each will indemnify the other to the extent one of them pays more than its pro rata share of any such obligations. However, there still would be a risk that either the main Fund or a parallel Fund may be ultimately responsible for more than its pro rata share of any joint and several obligation.
- 15. *Need for Follow-On Investments in Portfolio Companies.*** Certain investments that the Funds will make may need additional capital. The inability to obtain such follow-on capital may have an adverse effect upon the Funds' investments.

- 16. *No Assurance of Investment Return.*** The general partner cannot provide assurance that it will be able to choose, make and realize gains on investments in any particular portfolio company. There is no assurance that the Funds will be able to generate returns for the investors or that the returns will be commensurate with the risks of investing in the type of companies and transactions described herein. Even if one or more of the portfolio companies is successful, there can be no assurance that the limited partners will receive distributions from the Funds in an amount equal to their investment in the Funds. An investment in the Funds should only be considered by persons who can reasonably afford a loss of their entire investment. There can be no assurance that projected or targeted returns will be achieved or that any distribution will be made to the limited partners. The limited partners may lose their entire investment.
- 17. *Market Volatility.*** Volatile market conditions at various times have had a dramatic effect on private equity investing. In addition, terrorist attacks and other acts of violence or war may affect the operations and profitability of the Funds' portfolio companies. Such events could cause consumer confidence and spending to decrease or result in increased volatility in the U.S. and worldwide financial markets and economy. They also could result in a continuation of the current economic uncertainty in the U.S. or abroad. Any of these occurrences could have a significant impact on the operating results and revenues of the Funds' portfolio companies and, in turn, on the return of the Funds' investments.
- 18. *Absence of Prior Operating History.*** There can be no assurance that the general partner and the managing partners will be able to effectively implement the Funds' acquisition, operating or growth strategies. The success of the Funds will depend on the general partners' ability to execute the business plan of each Fund. The inability of the Funds to successfully acquire investments would have a material adverse effect on the Funds' financial condition and results of operations. Past performance of any of the Funds, the general partner or the leadership team or any success they may have had in any similar venture is no assurance of future success, and investment results cannot be guaranteed.
- 19. *The Funds May Hold Investments at the Date of the Termination of Each Fund.*** The Funds may make investments with maturity dates later than the date on which each Fund will be dissolved, either by expiration of each Fund's term or otherwise. Although the general partner of each Fund expects that investments will be disposed of prior to dissolution, the Funds may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. The general partners may also be required to distribute such investments to limited partners if it cannot liquidate them in a manner that it believes to be in the best interests of the Funds, which may

result in limited partners holding securities which maintain substantial limitations on the ability of limited partners to transfer them.

- 20. *Limitation to Participation in Management; Potential Concentration of Voting Power.*** Limited partners have no right to participate in the management of the Funds or to otherwise participate in making decisions that may materially affect the value of their investment. Limited partners will be able to vote on matters concerning the Funds only in a very limited set of circumstances, such as removing the general partner or terminating the investment period in certain circumstances. The general partners will control most decisions, including decisions relating to the day-to-day operations of the Funds. Even in situations in which the limited partners vote on Fund matters, a small group of limited partners with relatively large commitments could have the requisite percentage of votes to determine the outcome of such decisions (although the concentration of voting power for each Fund which had not yet had a closing will not be known for each Fund until it conducts a closing). Such a concentration of voting power, if it occurs, could have the effect of limiting the ability of limited partners with relatively smaller commitments to have a meaningful vote on matters requiring a vote of limited partners.
- 21. *Limited Recourse Against the General Partner.*** The partnership agreements limit the circumstances under which the general partners or their affiliates will be held liable to the Funds. As a result, limited partners may have a more limited right of action in certain cases than they would have in the absence of such limitations. In addition, the partnership agreements provide that the Funds will indemnify the general partners and their affiliates, partners and employees for certain claims, losses, damages and expenses arising out of their activities on behalf of the Funds. Such indemnification obligations could materially adversely affect the returns to limited partners.
- 22. *Duties of Members of Valuation Committee.*** Neither the members of the valuation committee nor the limited partners whom they represent will owe any duties (fiduciary or otherwise) to the Funds, any other partner or any other person or entity with respect to their activities on the valuation committee other than their obligation to act in good faith. The members of the valuation committee are permitted to consider only the respective interests of the limited partners whom they represent when making any decisions as members of the valuation committee.
- 23. *Consequences of Default.*** If limited partners fail to fund their commitment obligations or to make required capital contributions when due, the Funds' ability to complete their investment program or otherwise continue operations may be substantially impaired. A limited partner's failure to fund such amounts when due is an event of default. A default by a substantial number of limited partners may severely limit opportunities for investment

diversification and would likely reduce returns to the Funds. A default by any single limited partner could result in substantial costs to the Funds if such default causes the Funds to fail to meet its contractual obligations or if the general partner must pursue remedial action against such limited partner. A default will have significant adverse consequence to the defaulting partner.

- 24. *Indemnification.*** The Funds will be required to indemnify the general partner and its affiliates, partners and employees and ICP and its employees for certain claims, losses, damages, and expenses arising out of their activities on behalf of the Funds. Such liabilities may be material and have an adverse effect on the returns to the limited partners. An indemnification obligation of the Funds would be payable from the assets of the Funds, including unpaid commitments of the limited partners. If the assets of the Funds are insufficient, the general partner may recall capital previously returned to the limited partners.
- 25. *Side Letters.*** The general partners and/or the Funds may from time to time enter into other written agreements (“Side Letters”) with one or more limited partners whereby, in consideration for agreeing to invest certain amounts in the Funds and other consideration deemed material to the Funds, such limited partners may be granted rights not otherwise afforded to other limited partners. These Side Letters may entitle a limited partner to make an investment in the Funds on terms other than those described in each Fund’s offering documents. Any such terms, including with respect to (i) reporting obligations of the Funds; (ii) transfer rights to affiliates; (iii) withdrawal rights due to adverse tax or regulatory events; (iv) consent rights to certain partnership agreement amendments; or (v) any other matters described herein or in the partnership agreement, may be more favorable than those offered to any other limited partner. Such agreements will have the effect of establishing rights under, or altering or supplementing the terms of, the partnership agreement with respect to such limited partner.
- 26. *Limited Transferability and Illiquidity of Interests.*** Purchase of the interests should be considered a long-term investment. Limited partners may not withdraw capital from the Funds. Transfer of the interests is subject to significant restrictions. Interests are not transferable except with the consent of the general partner. There will be no public market for the interests. Each limited partner will be required to represent that it is acquiring its interest for investment purposes and not with a view to resale or distribution. Each limited partner must be prepared to bear the economic risk of an investment for an indefinite period.

The interests will not be registered under the Securities Act by reason of specific exemptions under the provisions of the Securities Act, which exemptions depend, in part, upon the agreement of the purchasers not to transfer their interests absent registration thereof or reliance upon an

applicable exemption from such registration requirements. Sales or other transfers of the interests may be made only in compliance with the Securities Act, applicable state securities laws and certain limitations set forth in the partnership agreement, such as prohibitions on transfers if each Fund would be required to register as an "investment company" under the Investment Company Act. Each Fund is not obligated to, nor does it intend to, register the Interests in order to permit the resale thereof by investors.

Because of these restrictions and the absence of a public market for the interests, a limited partner may be unable to liquidate its investment even though its personal financial circumstances would make liquidation advisable or desirable. The interests will not be readily acceptable as collateral for loans. Moreover, even if a limited partner were able to dispose of its Interests, adverse tax consequences could result.

27. *Conflicts of Interest.* Conflicts may arise in instances where the interests of the general partner and its affiliates may conflict with the interests of the Funds and the investors. Fund investments are also subject to various conflicts of interest, including those between co-investors in specific projects, between various investors in a Fund, and between LLR and a Fund. Prospective investors are advised to review the applicable Fund offering documents that discuss the conflicts of interests when investing in a Fund.

Additional conflicts of interest information is described below in "Item 10.C.3. Other investment advisers or financial planners."

Item 8. Disciplinary Information

Neither LLR nor any supervised person has been involved in the past ten years in any legal or disciplinary event that LLR believes is material to an investor or Client or prospective investor or Client in their evaluation of LLR's advisory business or management.

Item 9. Other Financial Industry Activities and Affiliations

- A. Broker-dealer registration.** Neither LLR nor any of its investment professionals are registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Should LLR or any of its investment professionals become a registered broker-dealer, this Form ADV will be amended as required.
- B. Commodity industry registration.** Neither LLR nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. Material Relationships.** LLR has relationships and arrangements that are material to LLR's advisory business with the following types of related persons:

1. **Broker-dealers, municipal securities dealers, or government securities dealers or brokers.** None. Please also refer to “Item 10. A. Broker-dealer registration” above.
2. **Investment companies or other pooled investment vehicles.** LLR has a full-time CFO who is responsible for overseeing all administrative matters. Currently, several administrative functions are provided by Independence Capital Partners, LLC (“ICP”). In addition to LLR, ICP provides services to its other affiliated private equity management firms. ICP currently provides services to the Funds; Lubert-Adler Management Company, L.P.; Patriot Financial Manager, L.P.; Quaker Partners Management, L.P.; LBC Credit Management, L.P.; and LEM Capital, L.P. (collectively, the “ICP Member Firms”). Each ICP Member Firm is individually and separately owned by its senior investment professionals and manages investment funds focused on distinct assets classes. To the extent that LLR’s relationship with its affiliate ICP Member Firms, their funds and their managers present a conflict of interest, please refer to “Item 10.C.3. Other investment advisers or financial planners.”
3. **Other investment advisers or financial planners.** Conflicts may arise in instances where the interests of the general partner, LLR and its affiliates may conflict with the interests of the Funds and the limited partners. For example, affiliates of the general partner and LLR have ownership interests in other entities that provide capital through equity investments. These affiliates currently engage in and will continue to engage in venture capital, private equity, debt, buy out and real estate investment activities. In particular, Mr. Lubert is a partner of LLR Management, L.P., Lubert-Adler Management Company, L.P.; Patriot Financial Manager, L.P.; Quaker Partners Management, L.P.; LBC Credit Management, L.P.; and LEM Capital, L.P. Conflicts of interest may arise as a result of such activities, particularly investments in companies that are in the same industry sectors as those targeted by the LLR Funds.

Co-investment opportunities between LLR Funds. Investment opportunities may arise that are appropriate for co-investment between LLR Funds. Under the limited partnership agreements and as fully described in the Funds’ offering documents, investment opportunities are to be presented in a specific manner. For example, without Valuation Committee approval, LLR Funds may co-invest with each other only: (i) in an investment that is an initial investment for both funds made on a *pari passu* basis (that is, in the same security and in the same financing round); or (ii) if both Funds are making their initial investments at different times, if the fund first investing on the later date is investing in a round where an independent third-party is the lead investor. The amount of coinvestment by each Fund will be determined by their management teams in view of the relative availability of capital,

investment objectives, financing capacity and diversification limits of each fund (among other things).

Allocation of time commitment: Specific partners of a Fund are required to spend substantially all of their business time on the management and operation of that Fund until such time as determined by the terms set forth in each Fund's partnership agreement. Should such partners fail to satisfy their respective time commitment to a partnership, a Fund's investment period may immediately and automatically terminate as determined by the limited partners under the terms of the partnership agreement.

In addition to his ownership in and responsibilities to the LLR Funds, Mr. Lubert (a) is a partner of several other pooled investment funds; (b) has several investments in operating businesses; and, (c) may become involved as a partner in future pooled investment funds.

Co-investment opportunities between the Funds and ICP Member Firms. Mr. Lubert is also a partner in each of the other ICP Member Firms. Certain potential investment opportunities that may be appropriate for the LLR Funds also may be appropriate for the ICP Member Firms or for co-investment by both the LLR Funds and funds managed by the other ICP Member Firms. Although LLR does not believe that there will be significant overlap of investment opportunities between the Funds and other ICP Member Firms, in situations in which overlap opportunities do exist, as a result of Mr. Lubert's ownership interest in both the Funds and the other ICP Member Firms, potential conflicts exist as to the allocation of such investment opportunities between, or the terms and conditions of any co-investment by, the entities.

In these situations, the investment opportunity may need to be cleared by a conflict resolution procedure before such investment can be made by a Fund. There can be no assurance that the resolution procedure established will clear the conflicts so that the investment can be made by a Fund. Accordingly, there may be situations in which investment opportunities that otherwise would be appropriate for an LLR Fund cannot be made. Each Fund's investment team that first sourced or originated the opportunity may invest in the opportunity without offering it to the other ICP Member Firms. If an ICP Member Firm does not invest in an opportunity it sources or originates, the other ICP Firms may be offered the opportunity to make the investment.

When the investment team determines in its reasonable discretion that it would be advantageous to co-invest in an opportunity with one or more other ICP Member Firms, then a Fund may co-invest with the other ICP Member Firms in such investment on a *pari passu* basis (that is, in the same security and in the same financing round). These co-investment opportunities may be subject to the approval of the co-investing ICP Member Firms' valuation committees or advisory or executive boards in accordance with *their*

respective governing documents. A Fund expects that the relative amounts co-invested by the ICP Member Firms will be determined in the reasonable discretion of the investment team for the Fund and the investment teams of the other applicable ICP Member Firms in view of the relative available capital, investment objectives, financing capacity and diversification limits of each ICP Member Firm (among other things).

As a result of this conflict resolution process, the amount a Fund invests in a particular investment opportunity may be less than it otherwise would be willing and able to invest, and in certain cases, a Fund may be required to forego certain investment opportunities that otherwise would be appropriate. In addition, co-investment by other ICP Member Firms may curtail the co-investment opportunities available to limited partners.

Third parties may co-invest alongside the Funds, for example in the case of an investment too large for the Funds to complete on their own. In all such situations, LLR seeks to act in the best financial interest of the Funds.

Cross Trades, principal trades and personal transactions: A Fund may not acquire any portfolio investment from or sell any portfolio investment to any of its affiliates, the affiliates of any Fund manager, or Key Person or employee, director or officer of the Fund managers, other than the parallel funds(s) without the approval of the Valuation Committee. Furthermore, as expressly set forth in each Fund partnership agreement, the General Partner may not cause a Fund to enter into any contract or transaction with any Fund manager or Key Person, any Affiliate of a Fund manager or Key Person (excluding portfolio companies) and any partner of the general partner, unless (i) such contract or transaction is consistent with the other provisions of a Fund's partnership agreement, (ii) the terms of any such contract or transaction are no less favorable to the partnership than could be obtained in arm's-length negotiations with unrelated third parties, and (iii) such contract or transaction has been approved by each Fund's respective valuation committee.

Side Letters: The general partner and/or the Funds may from time to time enter into other written agreements or side letters with one or more limited partners whereby, in consideration for agreeing to invest certain amounts in a Fund and other consideration deemed material to a Fund, such limited partners may be granted rights not otherwise afforded to other limited partners. These side letters may entitle a limited partner to make an investment in a Fund on terms other than those described in the Funds' offering documents and the partnership agreements. Any such terms, including with respect to (i) reporting obligations; (ii) transfer rights to affiliates; (iii) withdrawal rights due to adverse tax or regulatory events; (iv) consent rights to certain partnership agreement amendments; or (v) any other matters described in Fund offering documents and partnership agreements, may be more favorable than those offered to any other limited partners. Such agreements will have

the effect of establishing rights under, or altering or supplementing the terms of, the partnership agreement with respect to such limited partner.

Legal counsel: The Funds, the general partner, the manager and their affiliates will be represented by one counsel in connection with the offering of Fund interests pursuant to each Fund's offering document: Klehr Harrison Harvey Branzburg LLP ("Klehr Harrison"), some of the partners of whom may be investors in a Fund and other ICP Member Firm Funds. Klehr Harrison is not representing the limited partners, and prospective investors should seek individual counsel if they so desire. Mr. Leonard Klehr, the Vice Chairman of an affiliate of the Funds is of counsel at Klehr Harrison. Although Mr. Klehr receives an annual stipend from Klehr Harrison for the use of his name and title as of counsel at Klehr Harrison, he receives no compensation from Klehr Harrison for his activities that are directly related to Lubert-Adler Partners.

Taxable and non-taxable entities: Investors in the LLR Funds are expected to include both taxable and tax-exempt entities. In addition, investors likely will include persons and entities organized in various jurisdictions. As a result, decisions made by the general partner may create conflicts of interest among such investors because those decisions may be more beneficial for one type of investor than for another. In selecting investments that are appropriate for a Fund, the general partner will consider the investment objectives of each Fund as a whole and not the investment objectives of any individual investor.

- 4. Futures commission merchants, commodity pool operators, or commodity trading advisors.** None.
- 5. Banking or thrift institutions.** None.
- 6. Accountant or accounting firm.** In addition to KPMG, ICP currently provides to the Funds various services such as accounting, human resources, IT, investor relations and compliance. ICP also currently provides similar services to other ICP Member Firms. See above under "Item 10.C.2. Other investment advisers or financial planners."
- 7. Lawyers or law firms.** None.
- 8. Insurance companies or agencies.** None.
- 9. Pension consultants.** None.
- 10. Real estate brokers or dealers.** None.
- 11. Sponsors or syndicators of limited partnerships.** As a manager and sponsor of pooled investment vehicles, LLR also enters from time to time into

relationships with other sponsors and syndicators of pooled investment vehicles. See above under “Item 10.C.3. Other investment advisers or financial planners.”

- D. Selection of investment advisers.** LLR does not recommend or select other investment advisers for Clients. See above under “Item 10.C.3. Other investment advisers or financial planners”

Item 10. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- A. Code of Ethics and Personal Trading.** LLR’s code of ethics policy (“the Code”) is based upon the premise that all LLR personnel (“Access Persons”) have a fiduciary responsibility to render professional, continuous and unbiased investment advisory service and put the interests of its clients first. The Code requires Access Persons to (1) comply with all applicable laws and regulations; (2) observe all fiduciary duties and put Client interests ahead of those of LLR; (3) observe LLR’s personal trading policies so as to avoid “front-running” and other conflicts of interests between LLR and its Clients; (3) report any perceived violations of the Code; and (4) ensure that they have read the Code, agreed to adhere to the Code, and are aware that a record of all violations of the Code will be maintained by LLR.

Personal Trading: The Code of ethics also governs the securities trading and investing activities of Access Persons for their own accounts. All Access Persons must first pre-clear personal trades for covered securities, as defined under the policy, in a personal account. They must also seek preapproval when participating in a private placement or transacting in initial public offerings (IPOs). A pre-clearance request will be denied if such securities are under consideration for investment, or have been acquired by, a Client of the Adviser, or if the Adviser is in receipt of material non-public information of the company or if another conflict exists.

The Code also imposes on Access Persons reporting requirements for covered securities in order to monitor and identify potential trading violations. A copy of the Code is distributed to each Access Person at the time of hire and annually thereafter. Access Persons are also required to attend annual Code of Ethics training and certify that they are in compliance with the Code. Access Persons who violate the Code can be subject to sanctions by LLR, including possible employment termination. A copy of the Code is available to investors upon request.

- B.** For information on LLR’s practice with respect to recommendations to Clients of securities in which LLR or a related person has a material financial interest, please see above under “Item 10.C.3. Other investment advisers or financial planners” and “11.A. Code of Ethics.”

- C. For information on investments by LLR or related persons in securities recommended to Clients, see above under “Items 10.C.3. Other investment advisers or financial planners” and “11.A. Code of Ethics.”
- D. For information on how LLR treats simultaneous purchases by Clients and LLR or related persons, see above under “Items 10.C.3. Other investment advisers or financial planners” and “11.A. Code of Ethics.”

Item 11. Brokerage Practices

LLR does not maintain or operate a traditional securities trading desk to engage in the execution of publicly-traded securities for the Funds. Although LLR has discretion over the selection of brokers, the commissions paid, the amount and types of securities, and other investments to be bought and sold, the portfolio investments are generally privately negotiated transactions.

LLR seeks to have all its privately negotiated transactions executed, including publicly-traded securities (if any) in the best interest of the Client, taking into account various factors such as the size, competence, market activity and availability of brokers in addition to cost.

1. **Research and Other Soft Dollar Benefits.** LLR does not participate in or accept soft dollar benefits or commission sharing arrangements.
 2. **Brokerage for Client Referrals.** LLR does not direct brokerage in exchange for Client referrals.
 3. **Directed Brokerage.** Should the Funds decide to invest in publicly-traded companies, LLR would have discretion over the selection of brokers. As noted above, the Funds primarily invest in privately negotiated transactions.
 4. **Trade Errors.** In the event that a Fund would transact in a publicly-traded security and incur a trade error, such error is to be corrected by LLR as soon as practicable and in a manner that such Fund incurs no financial loss.
- A. **Aggregation of Client purchases or sales.** See above under “Item 10.C.3. Other investment advisers or financial planners.”

Item 12. Review of Accounts

Monitoring of Fund portfolios. LLR’s investment professionals are responsible for reviewing and monitoring each Fund’s portfolio of investments on a continual basis. In addition to daily communication between the investment professionals, weekly and ad hoc meetings are held to review the status of each Fund. Fund monitoring also includes the review of monthly financial reporting packages from the Funds’ investment companies, a Partner’s attendance at a portfolio company’s board of directors meetings on at least a quarterly basis and participation at annual

strategic planning and budgeting sessions. LLR Partners is involved as a director of the board level at each of its portfolio companies. The investment professionals that participate in the monitoring of the Funds include LLR's partners, principals, associates and analysts.

- A. Review triggers.** LLR continually monitors each Fund's performance and investments.
- B. Reports to Clients.** A Fund's investors generally receive the following reports: (i) annual audited financial statements of the Fund, (ii) quarterly reports containing a brief narrative of the status and operations of each partnership investment and (iii) such other information as is necessary for the preparation of tax returns. Furthermore, there is an annual meeting of partners to review the status of each Fund.

Item 13. Client Referrals and Other Compensation

- A. Third party compensation.** No person who is not a client of LLR provides an economic benefit such as sales awards or other prizes to LLR for providing investment advice or other advisory services to clients.
- B.** LLR has not engaged any third-party placement agents and/or solicitors to introduce prospective investors to the Funds. If LLR were to engage any third party placement agents or solicitors to introduce prospective investors to the Funds, any solicitation arrangement will be fully disclosed to affected investors and will comply with the requirements of Rule 206(4)-3 under the Advisers Act, where applicable. However, a Fund has in the past (and may do so in the future) reimburse an affiliate of the general partner, a portion of the salary of an employee if engaged in marketing activities for that particular Fund.

Item 14. Custody

Each Fund's account is subject to audit by a registered independent accountant at least annually, distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all investors within 120 days of the end of its fiscal year, and upon liquidation distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all investors promptly after the completion of such audit. Such audits will include any funds and securities that, as required by applicable law, are placed in custody with a qualified custodian.

Item 15. Investment Discretion

Under each Fund's investment advisory agreements and charter documents, LLR has investment discretion to manage the Funds' assets in accordance with the disclosure in the related private offering documents.

Item 16. Voting Client Securities

LLR's investment strategy and portfolio composition rarely include investments in publicly traded securities that attach voting rights, such as common stock. Therefore, LLR rarely votes proxies. To the extent that any Fund would hold voting securities, LLR has the sole authority to direct the voting of such securities. The voting securities held by the Funds may generally entail large or controlling interests of privately held issuers. Unlike the limited voting rights attributable to publicly traded securities, the Funds generally have broad voting authority on a wide range of matters affecting these privately held issuers. LLR votes such interests, on behalf of the Funds, in the economic interests of the applicable Fund. When voting securities, LLR considers relevant facts, which may include, among many others, the impact on the value of the securities, the anticipated economic and non-economic costs and benefits associated with a proposal, the effect on liquidity, and customary industry and business practices.

Item 17. Financial Information

LLR does not require or solicit prepayment of fees six months or more in advance. LLR is not subject to any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its Clients.