

Item 1. Cover Page

Seavest Investment Group LLC

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Part 2A of Form ADV: Firm Brochure
December 2014

This brochure provides information about the qualifications and business practices of Seavest Investment Group LLC. If you have any questions about the contents of this brochure, please contact us at (914) 683-8474. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Seavest Investment Group LLC also is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

Item 2 is not applicable to Seavest Investment Group LLC because this is an initial Form ADV Part II being submitted by the firm.

Item 3. Table of Contents

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Item 4. Investment Management Business

Seavest Investment Group LLC, a Delaware limited liability company (the “Advisor”) was founded in 2013, is a diversified New York based investment management firm that provides investment management services to pooled investment vehicles, each a “Client” of the firm, as described as and marketed as a “Fund”, as defined below.

Affiliates of Seavest Investment Group serve as a managers of the Funds. As such, and as used in Part 2A, the term “Advisor” includes Seavest Investment Group and affiliates, which are identified as such in Schedule D Section 7.A of Part 1A of this Form ADV (each a “relying Adviser” and collectively, the “Relying Advisers”). The principal owners of the Advisor are Richard D. Segal, Douglas F. Ray and Jonathan L. Winer.

The Adviser and its affiliates provide discretionary and non-discretionary asset management services to a number of affiliated privately offered real estate and venture capital pooled investment vehicles (each, a “Fund” and, collectively, the “Funds”). The Funds are institutional vehicles whose investor base limited only to qualified investors who are an “accredited investor” under Rule 501 of Regulation D of the Securities Act of 1933, as amended (the “Securities Act”), and/or “qualified purchasers” as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Investment Act”). An affiliate of the Adviser acts as general partner or Advisor of each Fund (each, a “General Partner”). For most of the Funds, the Funds have entered into an asset management agreement with the Adviser, whereby the Adviser has agreed to oversee the acquisition, management and disposition of the relevant Fund’s assets.

The advice provided by the Adviser and its affiliates to each Fund is tailored to meet the investment objectives and restrictions of each Fund. Each Fund has a specific investment strategy and objective. Each Fund invests in one or more targeted, pre-defined asset classes (*e.g.*, healthcare real estate, education technology and services), and certain Funds prescribe the types of vehicles (*e.g.*, REITs, corporate blockers) through which investments may be made by such Funds.

As of September 30, 2014, the Advisor managed approximately \$443,601,000 of Fund assets, of which \$393,152,000 are managed on a discretionary basis and \$50,449,000 on a non-discretionary basis.

- \$81,482,000 in venture capital funds
- \$362,119,000 in real estate investment funds

It should be noted that for the purposes of calculating this amount and consistent with SEC guidance, the Advisor included all unfunded capital commitments to the Funds managed by the Advisor.

Item 5. Fees and Compensation

Management Fees

Each Fund pays the Adviser or its affiliate an annual management fee (the “Management Fee”) in accordance with the partnership agreement (or limited liability company agreement) and management agreement of such Fund. The specific payment terms and other conditions of the management fee and carried interest compensation are set forth in the relevant private placement memoranda and other constituent documents of the Funds. Note, some Fund agreements stipulate a change in the

management fee to a percentage of total assets value at the end of a specified number of years (deemed investment period). The Adviser either deducts the Management Fee from the Fund's assets or calls capital from the Fund's Limited Partners or members, as applicable, to pay the Management Fees, depending on whether sufficient working capital is available at the Fund level to pay the Management Fees. The Management Fee is paid on a quarterly basis, in advance. In the event that a management agreement is terminated, such investor would be credited with a pro rata portion of the management fee previously collected based upon the portion of the quarter that had not elapsed. The Management fee may be reduced for fees received directly by the Adviser or Adviser's affiliate.

Certain Limited Partners in a Fund may be charged Management Fees at lower rates than other Limited Partners in the same Fund, or may be exempted from bearing their pro rata share of certain fees and expenses that the Fund is required to pay or reimburse to the Adviser or its affiliates. Such special arrangements are generally provided for in side letter agreements between such Limited Partners and the applicable General Partner. Subject to any expense limitations in a Fund's offering documents, such Fund will bear all organizational and offering expenses.

Other Fees and Expenses

All Funds are "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act of 1940 (as amended, the "Company Act") and therefore specific fee information is not disclosed in this brochure, but can be found in the organizational documents of each respective Fund.

In addition to the fees and reimbursements identified above, each Fund must generally bear all of its legal, operating, investment and organizational expenses, typically subject to a cap, may include the out-of-pocket and internal expenses of the General Partner or managing member, as applicable, and its agents incurred in the formation of a Fund. The offering materials and governing agreements for each Fund provide a more extensive description of the fees and expenses associated with an investment in that Fund.

Organizational expenses include expenses incurred in connection with the organization and formation of Fund entities, the asset manager and the general partner, and the offering of the interests in the Funds, including, without limitation, legal and accounting fees and expenses, marketing, printing costs, filing fees and transportation, meal and lodging expenses, but excluding all placement fees.

Operating expenses may include those costs or expenses of the Funds related to maintaining the operations of the Funds, including, taxes, insurance, administrative fees; fees for outside services including audit costs; expenses of custodians, outside counsel, accountants, administrators and other consultants and professionals; reasonable travel expenses; brokerage commissions; expenses of liquidating the Funds; expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds; expenses relating to litigation involving the Funds, and the amount of any judgments or settlements paid in connection therewith; expenses related to holding, monitoring and managing investments, selling or disposing of investments; and interest on and fees, costs and expenses arising out of all financings (including subscription facilities) entered into by the Funds, including, but not limited to, those of lenders, investment banks, and other financing sources.

Investment expenses include those costs or expenses of the Funds, in connection with, or related to originating investments, establishing the terms and consummating the acquisition of potential investments including, but not limited to, expenses relating to market research, marketing, solicitation

of sellers, mailing and postage, temporary or contract employees, brokerage, legal, accounting, due diligence, and such other related expenses.

Additional fees and reimbursements paid to the Adviser may include a portion of compensation payable to employees of the Adviser or its affiliates, including, but not limited to, base salaries, bonuses, medical benefits, retirement benefits, payroll taxes, severance payments and other fringe benefits and overheads such as space rental and utilities of the Adviser or its affiliates, in each case to the extent attributable or allocable to the particular Fund-related activities specified in the relevant Fund's governing documents. Additionally, certain fees for acquisitions, financings, dispositions, and construction financing guarantees for assets within the Client funds may be charged by the Advisor.

The Adviser is entitled to receive some or all of those additional fees and reimbursements with respect to each Fund, and such fees and reimbursements, if and to the extent applicable, are more fully described in each Fund's offering documents.

Although the Advisor does not generally utilize the services of broker-dealers for transaction related services, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular investor, such investor will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

In addition to the fees disclosed in Item 5 – Fees and Compensation, the General Partners receive carried interest payments with respect to each of its Funds that are payable if and only if certain specified performance thresholds are met. Carried interest distributions are generally paid after one or more predetermined performance levels have been achieved and may be subject to recalculation based on future performance. *Investors and prospective investors in the Funds should refer to the Private Placement Memorandum for the Funds for a detailed description of the fee schedules for each Fund.*

The General Partner of each Fund may, in its sole discretion, waive or reduce the carried interest payable to it with respect to any Fund investor, including investors that are principals, employees or affiliates of the Advisor or relatives of such persons and for certain large or strategic investors.

The possibility that the Adviser's affiliates may receive performance based compensation creates a potential conflict of interest in that it may create an incentive for the Adviser to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of the performance-based compensation arrangements. To mitigate this conflict, the Adviser manages the Funds in accordance with the investment strategy disclosed in the Funds' offering materials and governing documents to ensure that investors are aware of the investment strategy and the risks associated with the strategy. The Adviser regularly reviews the Funds' investments to ensure that they are being made in accordance with the Funds' respective investment guidelines. Side by side management fees are not earned by the Advisor as all Funds are structured to be non-competing, where fundraising for a new fund may not begin before the previous Fund is nearly fully invested.

Item 7. Types of Investors

The Advisor provides discretionary investment advisory services to pooled investment vehicles. The fund's shares or interests are offered to both Non-U.S. and U.S. investors appropriately. The investors in the Funds include:

- Individuals, including high net worth individuals
- Trusts and estates
- Insurance companies
- Investment partnerships
- Funds of funds
- Endowments, foundations, and other charitable organizations
- Corporations and other business entities
- Pension and profit sharing plans

The Fund offers interests/shares to certain qualified investors and admission to the Fund is only via a "private offering" (i.e. is not open to the general public). Interests in the Funds are sold only to qualified investors who are "accredited investors" under Rule 501 of Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), and "qualified purchasers" as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "Investment Company Act"). The advisor does establish a minimum dollar amount for its Funds; however, the Advisor has the right, at its sole determination, to waive the minimum investment requirement for any investor as it sees appropriate. The Adviser generally requires investors in each Fund to make a minimum initial investment of as defined in the Private Placement Memorandum. However, the General Partner always retains the right to make exceptions as per the Fund Operating Agreement.

Each investor in a Fund must sign a comprehensive Subscription Agreement indicating that it meets the legal and regulatory requirements imposed by Advisor, and confirming that it has reviewed the Fund's Private Placement Memorandum and understands the nature of the investment and corresponding risks and conflicts of interest. Each investor must also provide certain financial and tax information as part of its subscription, as well as evidence of identity, including information about their organization and ownership structure for entities, and source of funds, as required under the "know-your-customer" and anti-money laundering regulatory requirements. Many of these duties are ongoing and continuous, and investors may be required to update such information periodically. Each Fund may enter into a side-letter or other similar agreement with a particular investor in a manner more favorable to such investor than those applicable to other investors.

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

Methods of Analysis and Investment Strategies

The Advisor has two distinct investment strategies that it executes within the Funds that it manages:

- **Venture Capital** – The Advisor through the Funds it manages, invests in early and growth stage companies that are generally focused on technology and services as their primary businesses. The Funds invest in notes, warrants, preferred and common securities in private companies.
- **Real Estate** – The Advisor through the Funds it manages, invests in primarily institutional-quality medical office buildings that meet the strategic needs of market-leading hospitals and health systems in the U.S. market. The Funds target a diversified portfolio through a complimentary investment strategy of value-added acquisitions, building development, and core acquisitions, primarily in the US.

Prior to making an investment from a Fund, the Advisor carries out an extensive fundamental analysis of a target investment's position and prospects. Understanding the market, the sustainability of the business or asset, and the competitive environment is an integral element to Advisor's investment approach.

All investments are discussed at a weekly (or on an as needed basis) investment committee meeting where a formal vote occurs to determine whether to proceed with an investment or not. The outcome of the investment committee vote is documented in the committee meeting memorandum.

Venture capital Funds investment analysis may include the following:

Management. Advisor evaluates members of the management team, including previous work history, educational background, and current business execution.

Market Definition. Market definition delineates the boundaries where competitive advantage can be established and sustained. Market definition is based on the business's economics, overlap with other businesses, and the dynamics of customer behavior.

Market Segmentation. Within a defined market, market segments present vulnerabilities as well as opportunities.

Customer Value Proposition. Determining the true value that a company's product or service creates for its customers.

Competitive Position. A thorough analysis of each competitor's market and segment shares, technology, management, financial capability, cost position and implicit future strategy.

Financial Position and Prospects. Evaluation of the allocation of capital to various functional areas of each potential investment.

Intellectual Property, Regulatory, Tax, Legal, Accounting. Advisor and an experienced team of outside professionals, as needed, perform a full review of intellectual property, regulatory, tax, legal, and accounting contingencies prior to making an investment.

Exit Analysis. Prior to making an investment, the Advisor fully explores the alternative options for future liquidity. Businesses with few liquidity alternatives are more heavily discounted than those with more options.

Real estate Funds investment analysis may include the following:

Financial Review. Development of pro-forma budgets including leasing and operating expenses to analyze cash flow, returns and determine if investment meets return objectives, including risk/reward analysis.

Physical Property Review. Hire third party engineering firm to review physical building condition and to deliver a Property Condition Assessment Report. Where appropriate engage specialists (i.e. roof, elevator, HVAC) to do more detailed review of critical building components.

Building Measurement. Hire third party architectural firm to confirm the building square footage.

Construction Drawing Review. Engage third party architectural firm to review proposed construction drawings. (Development projects only)

Environmental Due Diligence. Engage third party to perform environmental study (further investigation is performed where study recommends such action).

Market Studies. Engage third party to review and report on the general market conditions in the subject market (vacancy, market rental rates, etc.). Additionally, engage third party to review and report on the overall market in the subject market (hospital competitive positioning, hospital performance, etc.).

Legal. Detailed review of zoning and title for subject property.

Tenant interviews. Interview major tenants in subject building.

Material Risks

Real Estate investment strategy

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund.

The risks of an investment in the Fund arise from the risks associated with investments in medical office buildings (“MOBs”) and real estate generally, risks related to the co-invest arrangement, and from the risks attendant upon the Fund’s ability to achieve its investment objective.

Such risks include, but are not limited to, the following:

Prior Experience and Prior Performance

Operating Restrictions

Disclosures relating to prior experience and performance are included as examples of the breadth of the Advisor's experience in real estate generally, and do not take into account differences in the structure of and related operating restrictions between other investment vehicles and the Fund. Certain operating restrictions which may be imposed upon the Fund, including for example the possible qualification of one or more of its subsidiaries as a REIT and limitations and restrictions within the Fund's Operating Agreement, and possibly Side Letters (defined below) which may be entered into with certain investors, may be different, and in many instances more restrictive, than restrictions to which the Advisor was subject to in its prior experiences.

Overlap of Investment Team and Roles

While there is commonality and overlap between the Advisor's principals who participated in the transactions giving rise to the prior performance experience, the Funds are to be principally managed by the principals serving in the roles described in Schedule D. Different persons may be performing different roles and devoting different levels of attention to the Fund as compared to the transactions giving rise to the prior experiences.

Risks Related to the Healthcare Industry

Concentration of Investments in Healthcare Properties and Healthcare Related Facilities

The Funds that are investing primarily in healthcare properties and therefore, are subject to risks resulting from a lack of diversification in the type of properties that will be acquired. A downturn in the medical real estate industry could significantly adversely affect the value of the Fund's properties. A downturn in the healthcare industry could negatively affect the Fund's tenant's ability to make rent payments to the Fund, which may have a material adverse effect on the Fund's business. In addition, some of the Fund's properties may be specialized medical facilities. If the Fund's tenants terminate the leases for these properties, the Fund may not be able to locate suitable replacement tenants to lease the properties for their specialized uses or may be required to make substantial capital expenditures to adapt the properties to other uses, which may have a material adverse effect on the Fund's business.

Increasing Competition for the Acquisition of Healthcare Properties and Healthcare Related Facilities

The Funds compete with other entities engaged in real estate investment in MOB's and healthcare related facilities. The competition may significantly increase the price the Fund has to pay for MOB's and healthcare related facilities or other assets the Fund seeks to acquire and the Fund's competitors may succeed in acquiring those properties or assets themselves. In particular, larger healthcare REITs may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies.

Competition with Other Healthcare Properties and Healthcare Related Facilities

The Fund's healthcare properties will likely face competition from hospitals and other MOB's which provide comparable services. Some of those competing facilities are owned by governmental agencies or owned by nonprofit corporations, which will receive tax benefits and may be supported to a large

extent by endowments and charitable contributions. These types of support may not be available to the Fund's tenants. The tenant's failure to compete successfully with these other practices could adversely affect their ability to make rental payments, which could adversely affect the Fund's rental revenues.

Adverse Trends in Healthcare Provider Operations

The healthcare industry is currently experiencing:

- changes in the demand for and methods of delivering healthcare services;
- changes in third party reimbursement policies;
- substantial competition for patients among healthcare providers;
- continued pressure by private and governmental payers to reduce payments to providers of services; and increased scrutiny of billing, referral and other practices by U.S. federal and state authorities.

These factors may adversely affect the economic performance of some or all of the Fund's tenants and, in turn, the Fund's lease revenues, which may have a material adverse effect on the Fund's business.

Reductions in Reimbursement from Third Party Payers

Revenue for the Fund's tenants may derive from the U.S. federal Medicare program, state Medicaid programs, private insurance carriers and health maintenance organizations, among others. Healthcare providers continue to face increased government and private payer pressure to reduce costs. In addition, the failure of any of the Fund's tenants to comply with various laws and regulations could jeopardize their ability to continue participating in Medicare, Medicaid and other government sponsored payment programs. Significant limits by governmental and private third-party payers on the scope of services reimbursed or on reimbursement rates and fees could have a material adverse effect on the liquidity, financial condition and results of operations of certain tenants and operators at Healthcare Properties, which could affect adversely their ability to make rental payments under, and otherwise comply with the terms of, their leases. A reduction in reimbursements to the Fund's tenants from third party payers for any reason could adversely affect the Fund's tenants' ability to make rent payments to the Fund, which may have a material adverse effect on the Fund's business.

Heavy Regulations on the Healthcare Industry

The healthcare industry is heavily regulated by U.S. federal, state and local governmental bodies, and is directly affected by federal conditions of participation, state licensing requirements, facility inspections, state and federal reimbursement policies, regulations concerning capital and other expenditures, certification requirements and other such laws, regulations and rules. In addition, transfers of operations of healthcare facilities are subject to regulatory approvals not required for transfers of other types of commercial operations and real estate. Changes in enforcement policies by federal and state governments have resulted in a significant increase in the number of inspections, citations of regulatory deficiencies and other regulatory sanctions, including terminations from the Medicare and Medicaid programs, bars on Medicare and Medicaid payments for new admissions, civil

monetary penalties and even criminal penalties. Sanctions for failure to comply with these regulations and laws include loss of licensure, fines and loss of certification to participate in the Medicare and Medicaid programs, as well as potential criminal penalties. The failure of any tenant to comply with such laws, requirements and regulations could affect its ability to continue its operation of the facility and could adversely affect the tenant's ability to make lease payments which could have a material adverse effect on the Fund's business.

Financial Viability of Hospitals Near Healthcare Properties

The Fund's investments in healthcare properties may depend on the viability of the hospitals on or near whose campuses the healthcare properties are located and their affiliated health systems in order to attract physicians and other healthcare-related clients. The viability of these hospitals, in turn, depends on factors such as the quality and mix of healthcare services provided, competition, demographic trends in the surrounding community, market position and growth potential, as well as the ability of the affiliated health systems to provide economies of scale and access to capital. If a hospital on or near whose campus a healthcare property in the Fund's portfolio is located is unable to meet its financial obligations, and if an affiliated health system is unable to support that hospital, the hospital may not be able to compete successfully or could be forced to close or relocate, which could adversely impact its ability to attract physicians and other healthcare-related clients. Because the Fund may rely on the proximity to and affiliations with these hospitals to create demand for space in its healthcare properties, the inability of the hospitals to remain competitive or financially viable, or to attract physicians and physician groups, could materially adversely affect healthcare property operations and have a material impact on investment returns.

Risks Relating to Licensure and Certification of Healthcare Providers

If a healthcare provider loses its licensure or certification, becomes unable to provide healthcare services, cannot meet its financial obligations to the Fund or otherwise vacates a facility, the Fund would have to obtain another tenant for the affected facility. If the Fund loses a tenant or Advisor and is unable to attract another healthcare provider on a timely basis and on acceptable terms, its cash flows and results of operations could suffer. In addition, many of the Fund's properties are expected to be special purpose healthcare facilities that may not be easily adaptable to other uses. Transfers of operations of healthcare facilities, as discussed below, are often subject to regulatory approvals not required for transfers of other types of commercial operations and real estate.

Transfers of Healthcare Facilities

Transfers of healthcare facilities to successor operators frequently are subject to regulatory approvals or notifications, including, but not limited to, change of ownership approvals under certificate of need laws, state licensure laws and Medicare and Medicaid provider arrangements, that are not required for transfers of other types of real estate. The replacement of a healthcare facility operator could be delayed by the approval process of any federal, state or local agency necessary for the transfer of the facility or the replacement of the operator licensed to manage the facility. Alternatively, given the specialized nature of healthcare property facilities, the Fund may be required to spend substantial time and funds

to adapt these properties to other uses. If the Advisor is unable to timely transfer properties to successor operators or find efficient alternative uses, the Fund's revenue and operations may be adversely affected.

Compliance with the Americans with Disabilities Act and Other Changes in Governmental Rules and Regulations

Under the Americans with Disabilities Act of 1990, as amended (the “**ADA**”), all public properties are required to meet certain federal requirements related to access and use by disabled persons. In addition, changes in governmental rules and regulations or enforcement policies affecting the use or operation of the properties, including changes to building, fire and life-safety codes, may occur. Properties acquired by the Fund or against which the Fund lends may not be in compliance with the ADA or other governmental requirements. If a property is not in compliance with the ADA or other governmental requirements, then the Fund or its borrower may be required to make modifications to such property to bring it into compliance, or face the possibility of an imposition of fines or an award of damages to private litigants. In either case, the Fund may suffer losses, which would reduce amounts available for distributions to the Members.

Federal Whistleblower Statutes

Healthcare properties engaging in business with the federal government may be sued under a federal whistleblower statute designed to combat fraud and abuse in the healthcare industry. These lawsuits can involve significant monetary damages and award bounties to private plaintiffs who successfully bring these suits. If any of these lawsuits were to be brought against an operator at one of the Fund's healthcare properties, such suits combined with increased operating costs and substantial uninsured liabilities could have a material adverse effect on the operators' liquidity, financial condition and results of operation and on their ability to make rental payments, which, in turn, could have material effect on the profitability of the investment.

Fraud and Abuse Laws

There are various federal and state laws prohibiting fraudulent and abusive business practices by healthcare providers who participate in, receive payments from, or are in a position to make referrals in connection with, government-sponsored healthcare programs, including the Medicare and Medicaid programs. Violations of these laws may result in the imposition of criminal and civil penalties, including possible exclusion from federal and state healthcare programs. The Fund's lease arrangements with certain tenants may also be subject to these fraud and abuse laws. Imposition of penalties under these laws upon one of the Fund's tenants could jeopardize that tenant's ability to operate or to make rent payments, thereby potentially adversely affecting the Fund's business.

Possible Legislative or Other Developments

There can be no assurance that there will not be changes in a variety of other applicable laws, such as the ADA, and environmental and zoning laws, among others, which may adversely affect the Fund's investments.

Risks Relating to the Co-Invest Arrangement

Co-Investment Joint Venture Risks

The Fund may be adversely affected in connection with its investment activities in connection with any co-invest arrangement and any project co-investment due to the Fund's lack of sole decision-making authority regarding major decisions, reliance on the co-invest investors' financial condition, any disputes that may arise between the Fund and the co-invest investors and the Fund's exposure to potential losses from the actions of the co-invest investors. Any co-invest investors may take actions that the Advisor opposes. Furthermore, the Fund may disagree with any co-invest investors about decisions affecting a property or the joint venture, which could result in litigation or arbitration that increases Fund expenses, distracts Advisor principals and disrupts the day-to-day operations of the healthcare properties, including by delaying important decisions until the dispute is resolved.

Events of Default under the Holdings LLC Operative Documents

An event of default by the Fund or an Administrative Manager under the operative documents of a Holdings LLC could give rise to removal of the Administrative Manager's representatives on the Board of the applicable Holdings LLC, removal of the Advisor's representatives on the Fund Advisory Committee or the triggering of the "Forced Sale", "Buy-Sell Right" or "Call Option" by the Co-Invest investors, each of which may have adverse consequences to the Fund's performance and the Fund's ability to complete its investment program or otherwise continue operations may be substantially impaired.

REIT Investment Structure and Exit Strategy

In the event that any fund investor agrees to co-invest with the Fund on a given project, the Fund would be required to acquire and hold its interests in healthcare properties through REITCOs (i.e., REIT subsidiary entities). To comply with the Advisor's commitments under the terms of any Co-Invest JV that it will avoid earning material amounts of certain income treated as gain on the sale of U.S. real estate, the PFI Administrative Manager will be required to use reasonable best efforts to dispose of all such REITCO investments through the sale of the stock of the REITCOs. Such a commitment could make it difficult for the Fund to maximize its returns upon dispositions of its REITCO Investments. Certain prospective investor of the Fund's REITCO investments such as family office buyers, buyers seeking to complete a like-kind exchange, and foreign buyers may be precluded from purchasing stock of a REITCO, thereby reducing the pool of prospective investors and the demand for the Fund's investments. Such a reduction in the available pool of prospective investors may result in lower sale proceeds to the Fund, and accordingly lower returns to Fund investors.

Prospective investors may also be reluctant to purchase stock of a REITCO if such entity is perceived to have any inherent liabilities. Such liabilities may include, but are not limited to, liabilities that result from failure of a REITCO to qualify as a REIT. The requirements for qualification as a REIT are extremely complex, and a REITCO's compliance with these requirements may depend upon factors outside the control of the Fund and the REITCO. Thus, although the Fund will operate in such a manner as to attempt to have each REITCO meet the requirements for qualification as a REIT, there

can be no assurance that any REITCO will in fact qualify for taxation as a REIT. If a REITCO has violated one or more of the requirements for REIT qualification, or if it appears to a prospective investor that a REITCO may have violated one or more of the requirements for REIT qualification, then prospective investors may be deterred or may only purchase REITCO stock with significant indemnities from the Fund and/or at a significant discount in price.

REIT Qualification

The REIT qualification rules are complex and may impact the Fund's investment strategy and its flexibility to make or dispose of certain investments generally, or at particular times during the life of the Fund. Failure of a REITCO in any taxable year to qualify as a REIT will render the REITCO subject to tax on its taxable income at regular corporate rates and distributions to stockholders in any non-qualifying year(s) will not be deductible by the REITCO. A REITCO's compliance with the complex REIT qualification requirements may depend upon factors outside the control of the Fund and the REITCO. Thus, there can be no assurance that any REITCO will in fact qualify for taxation as a REIT. In seeking to comply with the requirements for taxation as a REIT and minimize any potential taxes payable by it, a REITCO may be required to limit or alter its activities, including by foregoing or delaying certain opportunities (including potential dispositions) that might otherwise be attractive on a pre-tax basis. Any REITCO will seek to operate in such a manner that the amount of U.S. federal income taxes incurred by it will not be substantial. However, a REITCO could nevertheless be subject to tax and, in certain circumstances, the amount of such taxes could be substantial. Furthermore, future legislation, new regulations, administrative interpretations or court decisions may significantly change the tax laws or the application of the tax laws with respect to qualification as a REIT. Any such change could adversely affect any REITCO's ability to qualify as a REIT or the federal income tax consequences of such qualification. The use of REIT Subsidiaries also may limit the ability of U.S. taxable investors in the Fund to use losses from Projects held through REIT Subsidiaries to offset income from other sources (including other Fund activities).

Risks Relating to 90% Distribution Requirement

To comply with the 90% distribution requirement applicable to REITs and to avoid the nondeductible excise tax, each REITCO must make distributions to its stockholders. However, such distributions may limit the Fund's ability to rely upon rental payments from properties held through REITCOs or subsequently acquired properties to finance improvements, investments, acquisitions or new developments. Although the Advisor does not anticipate any inability to satisfy the REIT distribution requirement, from time to time, a REITCO may not have sufficient cash or other liquid assets to do so. For example, timing differences between the actual receipt of income and actual payment of deductible expenses, on the one hand, and the inclusion of that income and deduction of those expenses in arriving at our taxable income, on the other hand, or non-deductible expenses such as principal amortization or repayments or capital expenditures in excess of non-cash deductions may cause a REITCO to fail to have sufficient cash or liquid assets to enable it to satisfy the 90% distribution requirement.

In the event that timing differences occur or a REITCO decides to retain cash or to distribute such greater amount as may be necessary to avoid income and excise taxation, such REITCO may, if

possible, borrow funds, issue consent dividends, distribute other property or securities or engage in a transaction intended to enable us to meet the REIT distribution requirements. Any of these actions may require the Fund to raise additional capital to meet a REITCO's obligations; however, limitations on the Fund's ability to access capital could have an adverse effect on its ability to meet debt payments, make distributions to Fund investors or make future investments necessary to implement the Fund's business strategy.

Leases of Qualified Healthcare Properties to Taxable REIT Subsidiaries

With respect to investments that the Fund holds through a REITCO, it may lease certain qualified healthcare properties that it acquires to a taxable REIT subsidiary (or a limited liability company of which the taxable REIT subsidiary is a member), which lessee will contract with operators to operate the healthcare operations at these properties. The rents from this taxable REIT subsidiary lessee structure will be treated as qualifying rents from real property if (1) they are paid pursuant to an arms-length lease of a qualified healthcare property with a taxable REIT subsidiary and (2) the operator qualifies as an eligible independent contractor. If any of these conditions are not satisfied, then the rents will not be qualifying rents for REIT qualification purposes and, to the extent they exceed an arms-length amount, may be subject to the 100% tax on redetermined rents.

Risks Related to Real Estate

Real Estate risks overview

Investments will be subject to the risks incident to the ownership and operation of commercial real estate including risks associated with both the domestic and international general economic climate, local real estate conditions, the economic condition of the health industry as well as new laws or regulations with respect thereto, changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building), energy and supply shortages, financial resources of tenants, various uninsured or uninsurable risks, terrorism, war, natural disasters, the ability of the Fund or third parties to manage the real properties, government regulations, potential environmental and other legal liabilities, general availability of financing and changes in interest rate levels, ability of borrowers to repay loans, and fluctuation in value of property or equity taken as collateral for any loans made. Fund will incur the burdens of ownership of real property, which include the paying of expenses and taxes maintaining such property and any improvements thereon, and ultimately disposing of such property. The Fund, as a lender, will also be subject to lender liability laws and other laws affecting a lender's rights and remedies. The Fund's investment strategy will involve a high degree of financial risk, and there can be no assurance that the Fund's rate of return objectives will be realized or that there will be any return of capital. There is no assurance that there will be a ready market for resale of Investments because investments in real estate generally are not liquid. Illiquidity may result from the absence of an established market for the Investments, as well as legal or contractual restrictions on their resale by the Fund.

The possibility of partial or total loss of capital will exist and investors should not subscribe unless they can readily bear the consequences of such loss.

In addition, the Fund will derive substantially all of the Fund's income from rent payments under leases in the Fund's properties. The Fund has no control over the success or failure of the tenants' businesses and if any of the Fund's tenants experience a downturn in its business that may weaken its financial condition, the Fund's tenants may delay lease commencement or renewal, fail to make rent payments when due or declare bankruptcy. Any lessee's failures to make rent payments when due or tenant bankruptcies could result in the termination of the tenant's lease and, particularly in the case of a large tenant, may have a material adverse effect on the Fund's business.

Adverse Real Estate Market Conditions

The Fund's business and the value of the Fund's Investments may be adversely affected by the present continued period of slow economic recovery following the recent recession, which may be accompanied by stagnant or declining real estate values. Any material decline in real estate values reduces the ability of borrowers of mortgage loans to use equity to support borrowings and increases the loan-to-value ratios of loans previously made, thereby weakening collateral coverage and increasing the possibility of a loss in the event of default. In addition, delinquencies, foreclosures and losses generally increase during periods of slow economic growth. The Fund's investment strategy for certain assets may rely, in part, upon local market recoveries during the term of the Fund. The Fund is unable to predict whether, or to what extent and for how long, these adverse market and economic conditions will persist. No assurance can be given that any such markets will recover since this will depend, in part, upon events and factors outside of the control of the Fund, and no assurance can be given that any recovery will not be short-lived. An increase in the number of delinquencies, bankruptcies or defaults could result in a higher level of non-performing assets, net charge-offs, provisions for loan losses and valuation adjustments of the Fund's investments, which could adversely affect the Fund's targeted returns.

Development/Financing Risks

The Fund may, from time to time, acquire, or attempt to acquire, fee simple, leasehold and/or equity interests in real estate under current or proposed development or which the Fund believes are suitable for future development. To the extent that the Fund invests or attempts to invest in such interests, properties and/or development activities, it will be subject to the risks normally associated with such activities. Such risks include, without limitation, potential protracted negotiations and lengthy diligence without ultimately acquiring any or all of the desired interest, risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the Fund, such as weather or labor conditions or material shortages), the availability of both construction and permanent financing on favorable terms, and changes in supply and demand. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the financial condition and results of operations of the Fund and on the amount of funds available for distribution. .

Lending Risks

The Fund may make (or purchase existing) loans to entities or individuals, secured by (i) real estate located in the United States or (ii) equity interests in entities owning or leasing real estate in the United States. Borrowers of loans made (or purchased) by the Fund may fail to comply with their repayment obligations. Further, collateral for loans made, may lose value resulting in the collateral not fully securing the loan. The amount realized on a foreclosure or related action may be significantly less than the amount of the loan. Lender liability laws restrict what a lender may take with respect to the operations of a borrower's business. Further loans made may make the Fund or the applicable project special purpose vehicle ("SPV") subject to additional taxation.

Risks of Making and/or Acquiring Real Estate Loans and Participations

Real estate loans made or acquired by the Fund may at inception, acquisition or thereafter become nonperforming for a wide variety of reasons. Such non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loans. However, even if a restructuring were successfully accomplished, a risk exists that upon maturity of such real estate loan, replacement "takeout" financing will not be available. Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control. It is possible that the Advisor may find it necessary or desirable to foreclose on collateral securing one or more real estate loans made or purchased by the Fund. The foreclosure process can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including, without limitation, numerous lender liability claims, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. In some states, foreclosure actions can take up to several years or more to litigate. At any time during the foreclosure proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property. In addition, certain of the mortgage loans in which the Fund makes or invests may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time.

It is anticipated that a substantial portion of the Fund's debt investments will not be rated by any recognized rating agency. Generally, the value of unrated classes is more subject to fluctuation due to economic conditions than rated classes. Overall credit quality may move up or down frequently within this category. The Fund's acquisition of credit support classes of securitizations (which generally are expected to be first loss classes), which are unrated at the time of acquisition and have lower ratings, incrementally increases the risk of nonpayment or of a significant delay in payments on these classes. Should assets be downgraded, it may adversely affect their value and may adversely affect the value of the Fund.

Availability of Insurance against Certain Catastrophic Losses

Certain losses of a catastrophic nature, such as wars, earthquakes, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. If a major uninsured loss occurs, the Fund could lose both invested capital in and anticipated profits from the affected investments.

Environmental Liabilities

The Fund may be exposed to substantial risk of loss from environmental claims arising from investments made with undisclosed or unknown environmental problems or with inadequate reserves, as well as from occupational safety issues and concerns. Under various federal, state and local laws, ordinances and regulations, an owner or operator of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's or operator's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner or operator. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on the Fund's return from such investment. Environmental claims with respect to a specific investment may exceed the value of such investment, and under certain circumstances, subject the other assets of the Fund to such liabilities.

Limitations on Remedies

Although the Fund will have certain contractual remedies upon the default by borrowers under certain Investments, such as foreclosing on the underlying real estate (or equity interests) or collecting rents (or distributions) generated there from, certain legal requirements may limit the ability of the Fund to exercise such remedies effectively.

Mezzanine Investments

Certain debt investments which the Fund may make typically will be subordinated to substantial amounts of senior indebtedness. The ability of the Fund to influence a Fund's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. Accordingly, the Fund may not be able to take the steps necessary to protect its Investments in a timely manner or at all. In addition, such debt securities in which the Fund may invest may not be protected by financial covenants, may have limited liquidity and may not be rated by a credit rating agency. Such debt securities are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) so-called lender liability claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. The Fund's Investments may be subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Fund earlier than expected, resulting in a lower return to the Fund than projected. In many

cases, the Fund's management of its Investments and its remedies with respect thereto, including the ability to foreclose on any collateral securing such Investments, will be subject to the rights of the senior lenders and contractual inter-creditor provisions. Accordingly, there can be no assurance that the Fund's rate of return objectives will be realized.

Risks Related to the Fund overview

Illiquid Nature of Investments

Real estate investments require a long-term commitment, with no certainty of return. The Investments made by the Fund will be highly illiquid, and there can be no assurance that the Fund will be able to realize returns on such Investments in a timely manner. There may be little or no near-term cash flow available to investors. Since the Fund may only make a limited number of investments, poor performance by a few of the Investments could severely affect the total returns to investors.

Dilution from Subsequent Closings

Each investor subscribing for an interest at any subsequent closing of the Fund will pay a "catch-up payment" and "catch-up interest" which will inure to the benefit of then existing investors, but will then participate in existing investments of the Fund thereby diluting the interests of existing investors therein. Although each such additional investors will contribute its *pro rata* share of previous capital calls plus the catch-up payment and interest, there can be no assurance that the amounts contributed by the additional investors and distributed to the existing investors will reflect the fair value of the Fund's existing investments at the time of such subsequent closing.

Investors' Restrictions

Potential investors whose activities are subject to legal investment laws and regulations, regulatory capital requirements or to review by certain regulatory authorities may be subject to restrictions or prohibitions on making an investment in the Fund. Any such institution should consult its own legal advisors in determining whether and to what extent it is able to invest within the Fund. The does not makes any representation as to the proper characterization of the membership interests or the investments to be made by the Fund for legal investment or any other purposes, or as to the ability of particular investors to invest in the Fund.

Unspecified Transactions; Difficulty of Locating Suitable Investments

This offering is a non-specified asset offering and the investors will not have an opportunity to evaluate specific assets prior to investing. None of the investments have been identified. As a result, the uncertainty and risk of investment in the Fund is increased to the extent that investors are unable to evaluate for themselves prior to the closing of their investment in the Fund, the economic merit of any investments that the Fund may make.

Although the members of the Advisor and Advisor have been successful in locating successful investments in the past for themselves and others, the Advisor and Advisor may be unable to find a sufficient number of attractive opportunities to meet the Fund's investment objective.

Competitive Market for Investment Opportunities; Operators and Other Partners

The activity of identifying, completing and realizing attractive real estate investments has from time to time been highly competitive, and involves a high degree of uncertainty. The Fund will be competing for investments with many other real estate investment vehicles, as well as individuals, financial institutions (such as mortgage banks, pension funds and REITs) and other institutional investors. Furthermore, over the past several years, many real estate investment funds and publicly traded REITs have been formed and others have consolidated (resulting in larger funds and REITs). These and additional funds and REITs that may be formed in the future by other unrelated parties or upon further consolidation may have an investment objective similar to that of the Fund. There can be no assurance that the Fund will be able to locate, complete and exit investments which satisfy the Fund's rate of return objective or realize upon their values or that it will be able to invest fully its available capital. In addition, the Fund's investment strategies in certain sectors may depend on its ability to enter into satisfactory relationships with joint venture or operating partners. There can be no assurance that the Fund's current relationship with any such partner or operator will continue (whether on currently applicable terms or otherwise) with respect to the Fund or that any relationship with other such persons will be able to be established in the future as desired with respect to any sector or geographic market and on terms favorable to the Fund.

Investments with Third Parties in Partnerships and Other Entities

In addition to the co-invest arrangement, the Fund may co-invest with other third parties through project co-investments, partnerships, joint ventures or other entities, thereby acquiring non-controlling interests in certain Investments. Although the Fund may not have control over these Investments and, therefore, may have a limited ability to protect its position therein, the Fund expects that appropriate rights will be negotiated to protect the Fund's interests. There can be no assurance that such rights will be available or that such rights will provide sufficient protection of the Fund's rights. Furthermore, such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third-party partner or co-venture may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Fund, or may be in a position to take (or block) action in a manner contrary to the Fund's investment objective. In addition, the Fund may in certain circumstances be liable for the actions of its third-party partners or co-ventures. Investments made with third parties in joint ventures or other entities may involve carried interests and/or other fees payable to such third-party partners or co-investors.

Financial Market Fluctuations

General fluctuations in interest rates and the market prices of securities and other assets may adversely affect the value of the Fund's investments. Instability in interest rates and the securities markets may also increase the risks inherent in the Fund's investments. The ability of a particular issuer to refinance debt securities may depend on its ability to sell new securities in the debt and equity markets, to borrow from banks or otherwise secure funding.

Leverage; Risk of Borrowing by the Fund

The Advisor expects to utilize significant leverage in connection with the Fund's investments. Although the Advisor will seek to use leverage in a manner it believes is prudent, such leverage will increase the exposure of an investment to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the investment. If the Fund defaults on secured indebtedness, the lender may foreclose and the Fund could lose its entire investment in the security for such loan. Because the Fund may engage in portfolio financings where several investments are cross-collateralized, multiple investments may be subject to the risk of loss. As a result, the Fund could lose its interests in performing investments in the event such investments are cross-collateralized with poorly performing or nonperforming Investments. In addition, recourse debt, which the Fund reserves the right to obtain, may subject other assets of the Fund and the member's capital and commitments to the risk of loss.

The Fund may, at any time before or after the end of the commitment expiration date, borrow funds to make investments on a leveraged basis, in each case without regard to the amount of unfunded commitments, and may withhold from distributions amounts necessary to repay such borrowings. The interest expense and other costs incurred in connection with such borrowing may not be recovered by income from investments purchased by the Fund. If investment results fail to cover the cost of borrowings, the value of the portfolio held by the Fund would decrease faster than if there had been no such borrowings. Additionally, if the investments fail to perform to expectation, the interests in the Fund will be subordinated to such leverage, which will compound any such adverse consequences. Furthermore, to the extent income received from investments is used to make interest and principal payments on such borrowings, investors may be allocated income, and therefore tax liability, in excess of cash received by them in distributions. Borrowings may be secured by assignment of the obligations of the members to make capital contributions to the Fund and a security interest in Investments.

Reliance on Advisor and Key Principals

The success of the Fund is substantially dependent on the principals of the Advisor's ability to identify and consummate suitable investments, to improve the operating performance of investments and to dispose of investments of the Fund at a profit. Should one or more of these individuals become incapacitated or in some other way cease to participate in the Fund, its performance could be adversely affected. There can be no assurance that any of these individuals will continue to be affiliated with the Fund throughout its term.

Liability for Return of Distributions

Any investor's capital commitment is susceptible to risk of loss as a result of any liability of the Fund. If the Fund is otherwise unable to meet its obligations, the investors may, under applicable law, be obligated to return, with interest, cash distributions previously received by them to the extent such distributions are deemed to constitute a return of their capital contributions or are deemed to have been wrongfully paid to them. In addition, an investor may be liable under applicable federal and state bankruptcy or insolvency laws to return a distribution made during the Fund's insolvency.

Hedging Policies/Risks

In connection with the financing of certain investments, the Fund may employ hedging techniques designed to protect the Fund against adverse movements in currency and/or interest rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for the Fund than if it had not entered into such hedging transactions.

Temporary Investment of Fund Cash

Fund cash will be invested in cash equivalents (with one or more banks, each having assets of not less than \$5,000,000,000) until invested in projects or used for other Fund purposes. To the extent that any of its funds are invested in uninsured instruments, the Fund may lose all or a portion of its investment if the financial institution or entity issuing the instrument becomes insolvent or experiences financial difficulty.

The Investment Company Act

None of the Fund, the Advisor nor the Advisor will be registered, as applicable, with the U.S. Securities and Exchange Commission as an investment company pursuant to the Investment Company Act or the Investment Advisers Act of 1940, as amended, (the “**Advisers Act**” and together, with the Investment Company Act, the “**Acts**”), in reliance upon one or more exemptions therefrom. Accordingly, Members in the Fund will not be accorded the protections of either of the Acts.

Risks Associated with Potential Conflicts of Interest

Conflicts of interest overview

The Advisor will be subject to various conflicts of interest, including the fact that services may be provided to the Fund by affiliates of the Advisor or its principals (including, without limitation, the Advisor). In addition, Douglas Ray, Richard Segal and Jonathan Winer are the principals of the non-member manager of the managing member. While Douglas Ray, Richard Segal, Jonathan Winer and the Advisor intend that any affiliate services be provided at a competitive and market compensation, such compensation will not be determined through arm’s length negotiation and the Advisor will not guarantee the performance by its affiliates of any services provided to the Fund. In addition to any distributions they may receive as investors of the Fund, the members of the Advisor will receive distributions in accordance with the terms of the Advisor Operating Agreement.

Diverse Member Group

The investors may have conflicting investment, tax and other interests with respect to their investments in the Fund. The conflicting interests of investors may relate to or arise from, among other matters, the acquisition or structuring of investments and the timing and disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Advisor that may be more beneficial for one investor than for another investor, for example, with respect to members’

individual tax situations. In addition, the Fund may make investments which may have a negative impact on related or unrelated investments made by investors in transactions outside of the Fund. In selecting and structuring investments appropriate for the Fund, the Advisor will consider the investment and tax objectives of the Fund and the investors as a group, not the investment, tax or other objectives of any investor individually.

No Independent Counsel

The Legal Firm representing the Advisor and its affiliates in connections with the offering of interests. It is not anticipated that, in connection with the organization or operation of the Fund, the Fund will engage counsel separate from counsel to the Advisor. Prospective investors should seek individual counsel if they so desire.

Other Investments

Members of the investment team may have investments in other funds Advised by or affiliated with the Advisor as well as investments in non-affiliates. The performance of and financial returns on such other investments may be at odds with those of the Fund.

Allocation of Personnel

The investment team and other personnel of the Advisor and the Advisor will allocate such time and attention as is deemed appropriate and necessary to carry out the operations of the Fund effectively. The Advisor's personnel will work on other projects; conflicts may, therefore, arise in the allocation of certain personnel and other resources.

Co-Investment Opportunities

In addition to the co-invest arrangement and potential project co-investments, from time to time pursuant to the terms of the Fund's Operating Agreement, certain investors may be presented with opportunities to co-invest in investments alongside the Fund. Although such co-investments would generally be on the same terms as an investment by the Fund, potential conflicts may be inherent in, or arise from, the Advisor's sole discretion in determining when to make such opportunities available to investors. In addition, once such co-investments are made, the Fund's interests and those of co-investing members may subsequently diverge as market conditions shift or other opportunities become available.

Risks Relating to Tax Matters

Tax Considerations

An investment in the Fund involves complex federal, state and local income tax considerations which may differ for each investor depending upon their particular facts and circumstances. Certain investors may have special tax considerations. Furthermore, all investors may become subject to state and local income or franchise taxes and possibly withholding thereof in jurisdictions where the Fund acquires real estate or otherwise conducts activities or is deemed to be engaged in business.

Income Taxes of Members May Exceed Cash Distributions

Even if the Fund has income or gains for federal tax purposes, the Fund will not be obligated to make distributions (or may lack sufficient cash available for distributions) to enable the investors to pay their federal, state and local taxes as a result of such income or gain allocations. In such event, investors will have to utilize other resources to satisfy such tax liabilities.

Distributions Take into Account Refundable Tax Credits

While the Fund will not be operated for the purpose of generating tax credits, the activities of the Fund may entitle the investors to refundable tax credits. A refundable tax credit, in general, is a tax expenditure that is designed to benefit an eligible taxpayer, either through a reduction in tax liability or an increased refund, regardless of whether the taxpayer otherwise owes taxes. The investors will be required to file U.S. federal and applicable state and local income tax returns correctly reporting refundable tax credits to the IRS (or other taxing authority) in order to realize the benefit of such credits allocated to them. The Fund has not undertaken and will not undertake any commitment to ensure that Members are actually able to realize the benefit of refundable tax credits allocated to them.

The Fund will treat an allocation of refundable tax credits as a distribution of cash regardless of whether the applicable investor in fact benefits from the allocation to it of the refundable tax credit. Therefore, if a Member is unable to realize the benefit of any refundable tax credits on account of its failure to file applicable income tax returns, incorrectly filing applicable income tax returns, other limitations with respect to its personal tax situation, failure on the part of the taxing authorities to correctly or timely administer or process such tax credits, or otherwise, such investor could experience a material decrease in the value of distributions.

No Internal Revenue Service Rulings

The Fund will not seek rulings from the IRS with respect to any of the federal income tax considerations. Thus, positions taken by the IRS as to tax consequences could differ from positions taken by the Fund. For example, if the IRS determined that the Fund's allocations of taxable income, gain, loss and deduction were not in accordance with the investors' interests in the Fund, then such items could be reallocated among the investors in accordance with the determination of the IRS or a court as to investors' respective interests in the Fund.

Possible Legislative or Other Developments

All statements contained herein concerning the federal income tax consequences of an investment in the Fund are based upon existing law and the interpretations thereof. Therefore, no assurance can be given that the currently anticipated income tax treatment of an investment in the Fund will not be modified by legislative, judicial or administrative changes, possibly with retroactive effect, to the detriment of the investors.

Venture Capital

Investment Strategy

The venture capital Fund's investment strategy will focus on early-stage and growth stage for profit K-12, post-secondary and training education technology-based companies, principally in the areas of curricular innovation, credentialing, infrastructure software, social learning software, and schools, universities and service providers. Equity investments in these types of companies are susceptible to a high degree of volatility due to, among other things, their reliance on limited financial resources, small management teams, limited product lines and markets, and the unpredictable development (and/or obsolescence) of certain complex technologies. In many instances, these types of companies operate at a substantial loss for extended periods of time.

The successful realization of investments in these types of companies is highly dependent on the performance of education technology companies in the public equity markets. Any significant, industry-wide downturn in the public equity markets' valuations of education technology-based companies could seriously impair the Fund's ability to liquidate its investments and overall investment performance.

Due to the Fund's investment strategy, the Fund will be less diversified for industry risk than other, more broadly focused funds, and its aggregate return may be substantially affected by the unfavorable performance of a single investment. As a result of the Fund's industry focus, the effect on the Fund's returns of certain factors that have a greater impact upon technology industry may be more pronounced than in more broadly focused funds.

Nature of venture capital Fund Investments

In light of the venture capital Fund's investment strategy, an investment in the Fund requires a long-term commitment, with no certainty of return. There most likely will be little or no near-term cash flow available to investors. Most of the Fund's investments will be highly illiquid, and there can be no assurance that the Fund will be able to realize on such investments in a timely manner. Distributions in kind of illiquid securities to the investors Partners may be made at the dissolution of the Fund; provided, that the General Partner will use its reasonable best efforts to make all distributions in cash. The securities in which the Fund will invest will generally be among the most junior in a portfolio company's capital structure, and thus subject to the greatest risk of loss. In addition, the Fund intends to hold non-controlling interests in most of its portfolio companies, and therefore may have a limited ability to protect its position and interests in such portfolio companies.

Because the Fund may only make a limited number of investments and the Fund's investments will generally involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to investors. Additionally, it should be noted that the past performance of the investments previously made is not necessarily indicative of the Fund's future investment performance.

Illiquidity of Interests

The interests in the venture capital Fund have not been registered under the Securities Act or any other applicable securities laws. There is no public market for the interests in the Fund and none

is expected to develop. In addition, the interests in the Fund are not transferable except with the consent of the General Partner, which may be withheld in its sole discretion. Investors may not withdraw capital from the Fund. Consequently, investors may not be able to liquidate their investments prior to the end of the Fund's term.

Availability of Investment Opportunities

The technology-based private equity sector in which the Fund will be engaged is highly competitive, and there are no assurances that the Fund will be able to find a sufficient number of attractive opportunities to meet its investment objectives. The Fund will compete with financial institutions, large publicly traded technology companies and other investment funds in providing financing to the businesses that the Fund will attempt to finance. Many of the Fund's competitors have greater resources than those available to the Fund. Moreover, the industry in which the Fund's target portfolio companies participate is highly competitive, and there are no assurances that any portfolio company will obtain the level of success necessary to obtain the Fund's objectives.

Dependence on Key Personnel

The Fund has no previous operating history and will be entirely dependent upon the General Partner and the manager, each of which in turn will rely on the principals and the other investment professionals employed by the manager. No assurance can be made that any or all of the principals and other investment professionals will remain employed by the manager or General Partner. Furthermore, the existence of the Carried Interest may create an incentive for the General Partner to make more speculative investments than it would otherwise make in the absence of such performance-based compensation.

Risk Arising from Provision of Managerial Assistance

The principals, manager and General Partner may take an active role in the management of its portfolio companies. The Fund will typically seek to designate a principal or one of its investment professionals to serve on the boards of directors of portfolio companies. The designation of directors and other measures contemplated could expose the assets of the Fund to claims by a portfolio company, its security holders and its creditors. While the manager intends to manage the Fund in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

ERISA, plan assets

The General Partner intends to use reasonable efforts to avoid having the assets of the Fund constitute "plan assets" of any plan subject to Title I of ERISA or Section 4975 of the Code that invests in the Fund and may, in this regard, elect to operate the Fund as a "venture capital operating company" ("VCOC") within the meaning of regulations promulgated under ERISA. Operating the Fund as a VCOC would require that the Fund obtain rights to substantially participate in or influence the conduct of the management of a number of the Fund's portfolio companies. The Fund may designate one or more directors to serve on the board of directors of one or more portfolio companies as to which it obtains such

rights. The designation of directors and other measures contemplated could expose the assets of the Fund to claims by a portfolio company, its security holders, its creditors and other persons who have a claim against the portfolio company.

Item 9. Disciplinary Information

No material items exist as of this time.

Item 10. Other Financial Industry Activities and Affiliations

The Adviser and its affiliates are not, nor have an application pending to register as a broker-dealer, or a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

The Adviser and its affiliates do not provide property management services and do not have property management affiliates.

Affiliated entities engaged in other financial industry activities.

- **SRWR Insurance** is an affiliate of the Advisor and is an insurance broker that serves the Advisor principles and Client portfolio companies and assets.
- **Segal Family Office, LLC** is an advisory affiliate of the Advisor and is an investment advisory firm that provides investment advice to estate-planning vehicles, separate accounts and other entities related to a single high net-worth family. All private equity related investments of the family are sourced, secured, managed, and sold by Segal Family Office, LLC.

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

Sources of Conflicts of Interest

The material conflicts of interest encountered by the Advisor, Clients and investors include those discussed below, although the discussion below does not describe all of the conflicts that may be faced by Clients and investors. Other conflicts may be disclosed throughout this document and the document should be read in its entirety for other conflicts.

Conflicts Relating to the Advisor Clients

The Advisor receives fees in connection with its performance of Related Services. “Related Services” are defined as accounting, recordkeeping, insurance brokerage and any other administrative services. The Advisor will determine the amount of these fees for Related Services in its own discretion, subject to agreements with sellers, buyers and management teams, the boards of directors of, or lenders to, portfolio companies, and/or third-party co-investors in its transactions. The Advisor is not required by the Management Agreements of Funds to share information regarding the amounts of these fees, although such fees will be disclosed to the extent required. Although the Advisor receives these fees from actual or prospective portfolio companies or assets of Funds, the opportunity to earn these fees creates a conflict of interest between the Advisor Clients because the amounts of such fees may be substantial, the Investors do not have an interest in the Advisor.

Conflicts Relating to the Purchase and Sale of Investments

The officers and employees of the Advisor and its affiliates, and certain related persons, may invest in transactions in which an Advisor Fund participates on the basis described in the Advisor Fund's management services governing documents. The investment policies, fee arrangements, investments owned by employees of the Advisor or the other affiliated Advisers with respect to a Fund, and other circumstances of a Fund, may vary from those with respect to other Funds. These relationships may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to the Advisor Fund.

The following factors alleviate, but do not eliminate, conflicts of interest between a Fund and the Advisor:

- Many conflicts of interest will generally be resolved by set procedures contained in the applicable management agreement and the governing documents of the Advisor
- The Advisor management agreements establish Oversight Committees for each fund for additional governance support and conflict of interest resolution.
- The Advisor may retain a third party to help resolve conflicts such as fairness of a purchase or sale price of an investment.

Please contact the Advisor Compliance Department with any additional questions or concerns.

The Adviser has adopted a rigorous set of compliance policies and procedures in order to manage and monitor managed persons activities within the firm. These policies include, without limitation, the following:

- Confidentiality Policy: Management of non-public information on portfolio companies or investments.
- Gifts and Entertainment: Management and reporting of gifts that may be offered to managed persons.
- Political Contribution Policy: Management and reporting of political contributions of managed persons.
- Privacy Policy: Management of non-public information about current or former investors

The firm has also appointed a Chief Compliance Officer that is charged with implementing, maintaining and reporting on the policies within the firm and to the appropriate government agencies.

Code of Ethics

The Advisor has adopted a Code of Ethics (the "Code") for all of its employees. The Code describes expected employees' standard of conduct and fiduciary duties, and limits personal trading by its employees and their immediate family/household members in a wide range of securities. Employees must report every account that they or their immediate family/household member uses for trading securities covered by the policy and, if they directly or indirectly influence or control trading in the account, they must generally pre-clear covered securities transactions and have copies of trade confirmations and periodic account statements sent by their broker to the Compliance Department. Controlled trading by employees and their immediate family/household members is prohibited in a

wide range of securities that appear on restricted lists and confidential watch lists, and additional steps are taken to ensure that employees and their immediate family/household members are not permitted to trade for their personal account in securities selected for Funds and to ensure employees do not engage in “front-running” of Fund investment opportunities. A detailed summary of Code is available to investors and prospective investors during the investment due diligence process. A copy of the Code may be obtained by the advisor’s Compliance Department.

Existing investors may obtain a copy of the Code upon written request to: Seavest Investment Group., 707 Westchester Avenue, Suite 401, White Plains, NY, 10604. Attn: Compliance Department.

Related Person Investment

Related persons to the Advisor may invest in securities recommended to Funds in circumstances approved by the Chief Compliance Officer. Allocations in investments may only be made available to related persons in the event that there is excess capacity in an investment after all Fund investment requests have been fulfilled.

It is the policy of the Advisor to limit the number of principal transactions that a related person enters into. In the event that a related person enters into a principal transaction, it will only do so with the approval of the Chief Compliance Officers and in accordance with all of the requirements of the Advisors Act. In addition, it is the policy of the Advisor to not engage in any agency cross-trading transactions.

Item 12. Brokerage Practices

Selection of Brokers and Dealers

The Adviser’s portfolio strategies do not trade in publicly traded securities and as such brokerage selection and best execution currently does not apply. However, in the event that the Adviser engages in transactions in publicly traded securities through a broker, the Adviser will seek to obtain best execution for such transactions. In doing so, the Advisor seeks to execute securities transactions for a Fund in such a manner that the Funds’ total costs or proceeds in each transaction are the most favorable under the circumstances. In assessing whether that standard is met, the Advisor shall consider the full range and quality of a counterparty’s services when placing orders, including, among other things, execution capability, commission rate or spread, financial responsibility, responsiveness and the value of any research services provided.

The Advisor’s Compliance Department monitors and reviews order allocations on an ongoing basis. Any suspicious allocation activities shall be investigated promptly. The Advisor’s Chief Operating Officer, in consultation with its investment team, executes trades. As noted above, the Advisor rarely conducts trades in public markets.

The Advisor does not participate in any soft-dollar arrangements.

Trade Aggregation

Although the Advisor does not generally utilize the services of broker-dealers, in the event it chooses to use a broker-dealer, the Advisor will aggregate such orders as it deems appropriate and in accordance with each Fund’s advisory agreements and in the best interest of each Fund and its investors.

In addition, the investments managed by the Adviser are not generally appropriate for more than a single fund managed by the Adviser. However, if an investment is appropriate for multiple funds, investments will generally be allocated on a pro-rata basis.

Item 13. Review of Accounts

Oversight and Monitoring

The Adviser closely monitors the investments of each Fund and generally maintains an ongoing oversight position in any portfolio investments. The portfolios of the Funds are reviewed by a team of investment professionals no less frequently than quarterly. The team generally includes the Investment Committee and other investment professionals of the Adviser.

Reporting

The Adviser reports to Fund investors on a quarterly basis. Fund investors are reported to utilizing historical GAAP or fair value accounting with audits performed annually for most Funds. Quarterly reports are distributed to investors within 45 to 90 days, as defined in Fund agreements, of the end of each reporting period. Fund investors also receive an annual report as well as financial statements audited by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of the Funds' respective fiscal years (*i.e.*, generally by April 30). The annual report provides a list of all investments, overviews of each investment and asset valuations.

Real Estate Funds:

Valuation Methodology

Fair value is defined by ASC 820 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of a measurement date. A GAAP fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The principal market is the market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and transaction activity for the asset or liability. Applying this definition to the Adviser's investments is challenging given the illiquidity of its positions and pricing dynamics mentioned above. From a business perspective, investing in real estate at a discount would result in inherent value accretion on the initial investment date. From an accounting perspective, the criteria for measuring fair value includes determining the price that the same illiquid investment would sell for in the market place. At each reporting period, the fair value of an investment may, depending upon the circumstances, be adjusted using the valuation techniques described below.

Valuation Methodology Implementation

The Adviser typically makes investments where it can exert significant influence. The investment valuation process begins by first determining the valuation at the underlying property. Advisor will typically perform an internal valuation quarterly as its primary valuation approach and will reserve the right to engage a third party appraiser to assist in the valuation process. Advisor will assess the value of the underlying property through information obtained from internal and external sources including

financial statements, rent rolls, operating statements, current market data, comparable property sales, and additional property level due diligence. Advisor will typically utilize a discounted cash flow model ("DCF") to value its investments. In situations where Advisor does not deem the DCF analysis as the most relevant valuation metric, alternative valuation procedures such as a direct capitalization approach, for stabilized assets, or a sales comparison approach will be applied. In the event several methodologies are calculated, professional judgment is utilized in selecting a value within the range determined by the approaches. If a third party appraisal has been ordered by Seavest and completed by a licensed appraiser in the last 90 days, this value is reviewed by the Seavest Investment Committee and will determine whether this appraised value will be used in lieu of the methodologies described above. All properties with the Seavest Healthcare REIT, LLC are valued by a third party appraiser on a 3 year rotational basis as of December 31, in accordance with the Limited Liability Company Agreement of Seavest Healthcare REIT LLC.

Once an initial property level valuation is completed, Advisor will make adjustments for property debt, net current assets and selling expenses from the projected residual proceeds. Advisor then applies its ownership percentage to the adjusted value consistent with the Fund waterfall calculation including accrued preferred returns, liquidation expenses, etc. Advisor considers the illiquid nature of the investment and may apply an illiquidity discount to such current value. This illiquidity discount initially correlates to Advisor's discount to value on the date the investment is made. Subsequently, Advisor will review factors including changes in expected hold period, leasing activity at the property, transparency on the timing of the investment's expected liquidation and other market conditions that could influence this illiquidity discount.

Investment valuations are reviewed on a quarterly basis. Factors impacting value may include, but are not limited to, changes in the macroeconomic environment (interest rates, etc.), change in local property markets (rental rates, vacancy, etc.) or changes in property level performance (operating statements, rent rolls, etc.).

Annual Review and Assessment

The following is a summary of Advisor's annual valuation process in order to update each properties DCF analysis:

- Actual property level cash flow information, current and budgeted income and expenses and rent rolls are provided to the Seavest asset managers from the accounting department and property managers.
- Based on actual property cash flows and actual property results, the asset managers review projected cash flows and property level values for changes in market conditions, property level performance and changes to investment structure that may have a material impact on future cash flows or fair value.
- DCF models are updated for an additional year to maintain at least a 6 year discounted cash flow in the valuations (which will allow to maintain the same model for the entire upcoming year with at least a 5 year DCF still available at any point during that year).
- The asset managers research and determine residual cap rates and discount rate assumptions for each investment in relation to corresponding investment type and prevailing real estate market factors
- The Investment Committee determines the expected hold period of each investment based on activities within a particular ownership structure or specific market related factors.

- Additional factors not specifically detailed above, such as the prevailing interest rate or currency fluctuations are reviewed for relevance and impact to fair value and projected cash flows
- Valuations performed by 3rd parties are compared to the internally calculated valuations and material variances, if any, are investigated.
- The Investment Committee reviews preliminary valuations and any third party appraisals, and the asset managers' responds and supplements the preliminary valuations to reflect any comments provided by the Investment Committee.
- The Investment Committee discusses each valuation and determines, in good faith, the fair value of each investment.
- Valuations are provided to the accounting department 40 days after quarter/year end and any fair value changes are recorded.

Quarterly Review and Assessment

The quarterly valuation review and assessment complies with the annual process with the following exceptions:

- On a quarterly basis modifications to the DCF analysis or any other valuation model is made only if there are significant changes to any of the input data. The definition of significant will be assessed on a case by case basis to allow for changes in non-standard situations (such as new legislation affecting the industry, adverse tenant credit worthiness change, etc.). Any changes that would generate a material (as defined by GAAP guidelines) impact on the financial statements will be implemented at the time made known. The Asset Managers/Analyst make any necessary modifications to asset valuation models and corresponding investment waterfalls, if applicable.

Venture Capital Valuation Policy

It is the policy of Venture Capital Fund to utilize a valuation approach with respect to each investment that is most likely to yield the value that could be obtained in an orderly arm's length transaction between market participants as of the measurement date. In this process, the Funds will take into account the facts and circumstances surrounding each investment, be guided by the principles of comparability and consistency and utilize significant judgment. The valuation approach used for a particular investment will generally not change from quarter to quarter unless there is a fundamental change in the circumstances of the underlying portfolio company (each, a "Portfolio Company") that would necessitate a change in approach. Valuations determined in this manner are approximations of value that might be obtained in the open market.

Under ASC 820, a public company is valued at the closing price less any discounts resulting from any applicable restrictions. The valuation of a non-public private equity Portfolio Company is generally based on a comparable public company analysis. These values may not fully reflect the ultimate value that an asset is expected to generate over time and, therefore, may not necessarily reflect the price at which the Fund would be willing to sell the asset.

Valuation Procedures

It is a multi-step approach to valuation review to ensure that fair value is reached. The investment Advisor for each Portfolio Company initially values the applicable investment. The Investment Team and the valuation review group ("VRG") review and approve a valuation, as discussed below.

Valuation of Private Companies with Less than \$10 million of Trailing Revenue

The Fund values its privately-held Portfolio Company investments generating less than \$10 million of trailing revenue at cost unless there has been an event that would result in the need for an adjustment in value. Events that generally require an adjustment in value include a sale of the Company, a sale or issuance of stock in Company, or a transaction involving a comparable company. The VRG will exercise judgment based on experience and expertise for companies of this stage.

Valuation of Private Companies with Greater than \$10 million of Trailing Revenue

To determine the fair value of each privately-held Portfolio Company investment generating greater than \$10 million of trailing revenue, the investment Advisor may provide some of the following inputs, depending on the type of investment and the circumstances around the investment:

- Comparable public company analysis;
- Precedent transactions;
- DCF analysis;
- Summary of the Portfolio Company's capital structure; and
- Commentary on the Portfolio Company and a recommended valuation.

Valuation of Public Companies

1. Unrestricted securities are valued at their closing price.
2. Restricted securities are discounted based on an analysis of the size of an investment relative to the trading volume of the stock. The discount range will tend to be higher when, based on the trading volume and nature of the trading restrictions, it would take a significant passage of time (generally more than one year) to sell the position.

Oversight and Review

The Advisor works with their Portfolio Companies to obtain financial information and generate a written report (which includes a discussion on Portfolio Company performance) and preliminary valuations in consultation with Advisor's Investment Team. Once an initial valuation is reached, the investment Advisor provides the information to the Investment Team for review. After the initial review by the Investment Team, the information is aggregated and submitted to the VRG for review and approval.

The VRG consists of Fund's Managing Partners Richard Segal and Matthew Greenfield. When appropriate, a VRG may seek advice from other internal or external parties. The VRG coordinates and standardizes the valuation information received from the Advisor and works with the Advisor to understand the inputs and values. The VRG may also modify the valuations based on its review and ultimately provides final internal approval of the valuations.

At the end of each fiscal year, after the review and approval of the VRG, valuations are finalized and distributed to its clients.

Item 14. Client Referrals and Other Compensation

The Advisor's fundraising efforts are primarily sourced and negotiated on an exclusive basis via industry-based relationships of its executive management team.

The Advisor or its affiliates may enter into written arrangements with third parties to act as solicitors for the Advisor's investment management business. As applicable, such compensation will be fully disclosed to each potential investor in a Fund consistent with applicable law. All such referral activities will be conducted in accordance with SEC Rule 206(4)-3 under the Advisers Act, as well as relevant SEC guidance, where applicable.

Item 15. Custody

Although the Advisor or an affiliate is deemed to have custody of the underlying assets of the Funds by virtue of its status as investment manager or general partner of a Fund, the Advisor and its affiliates do not maintain physical custody of the Fund assets, except for stock certificates for any stock ownership of non-public companies. These are maintained in a secure vault at the Advisor's place of business. Each Fund has established a custody account with one or more unaffiliated qualified custodians for cash or escrow assets. In compliance with Rule 206(4)-2 under the Advisers Act, the Advisor reasonably believes, after due inquiry, that all investors in the client Funds will be provided with audited financial statements for each client Fund, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days of the end of the Funds' respective fiscal years (*i.e.*, generally by April 30). All investors will receive the required reporting for each Fund they participate in. Accordingly, cash assets of the Funds are maintained at unaffiliated qualified custodian as identified in Item 9 of Form ADV Part 1A. In addition, limited Fund interests in real estate assets are typically uncertificated, but to the extent certificates of ownership in investment REITs or other securities should ever be received by the Advisor, the Advisor will promptly forward such assets to the designated qualified custodian for safekeeping.

Clients are urged to compare the account statements they receive from their custodian with the performance reports provided by the Advisor, if any.

Item 16. Investment Discretion

The Advisor's investment discretion and authority is pursuant to the Investment Management Agreement for each Fund. In addition, the Advisor is subject to restrictions set forth in the Funds governing documents.

The Adviser manages the Funds on a discretionary basis in accordance with the terms of the Funds' governing documents. A majority of the Funds have an Advisory Board, which includes investor representation, with approval rights over matters, including but not limited to, affiliate transactions, exceeding leverage or diversification limits and extension of the Funds' terms.

Item 17. Voting Client Securities

Due to the nature of its investments in private real estate transactions or of private venture companies, proxy voting is not as applicable as it would be if it traded in publicly traded securities.

The Adviser receives a proxy or corporate action from one of the it's portfolio investments, the Adviser, unless the Client directs the vote in writing, will

- (a) vote such proxy or move on such corporate action in a manner that is in the best interest of each of its portfolios; and
- (b) in the interest of maximizing investor value, unless the client directs the vote.

The Adviser will set forth factors that will be considered when voting such proxy or moving on corporate action, such as, the short and long term implications of such proposal and any material conflicts of interest in voting a Portfolio's proxy.

Item 18. Financial Information

The Adviser is not currently aware of any financial condition that could impair its ability to meet its contractual obligations.