

Shore Capital Partners, LLC
Part 2A of Form ADV
The Brochure

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This brochure provides information about the qualifications and business practices of Shore Capital Partners, LLC (“SCP” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 312-348-7580. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about SCP is also available on the SEC’s website at:
www.adviserinfo.sec.gov.

Item 2: Material Changes

SCP has filed its initial application to register as an investment adviser with the SEC. Accordingly, pursuant to disclosure rules under the Advisers Act of 1940 (the “Advisers Act”), this is the first Brochure compiled by SCP to provide new and prospective clients or investors with disclosure of its business practices. SCP encourages all recipients of this Brochure to read it carefully in its entirety. In the future, this Item will identify and discuss the material changes since the last annual update to assist investors and make them aware of certain information that has changed since the prior year’s Brochure and that may be important to them.

Item 3: Table of Contents

| | |
|---|----|
| Item 4: Advisory Business..... | 1 |
| Item 5: Fees and Compensation..... | 2 |
| Item 6: Performance-Based Fees and Side-By-Side Management..... | 3 |
| Item 7: Types of Clients | 4 |
| Item 8: Methods of Analysis, Investment Strategies and Risk of Loss | 4 |
| Item 9: Disciplinary Information | 8 |
| Item 10: Other Financial Industry Activities and Affiliations..... | 8 |
| Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading... | 8 |
| Item 12: Brokerage Practices..... | 9 |
| Item 13: Review of Accounts | 10 |
| Item 14: Client Referrals and Other Compensation | 10 |
| Item 15: Custody..... | 11 |
| Item 16: Investment Discretion | 11 |
| Item 17: Voting Client Securities | 11 |
| Item 18: Financial Information..... | 12 |

Item 4: Advisory Business

SCP is an investment adviser focused on managing private equity funds. SCP is the investment adviser to Shore Capital Partners Fund I, L.P. (the “SCP Fund I”), Shore Capital Partners Fund I-A, L.P. (the “SCP Fund I-A”), Shore Capital Partners Fund II, L.P. (the “SCP Fund II”), Shore Capital Partners Fund II-A, L.P. (the “SCP Fund II-A”), Shore Capital Partners Fund IV, L.P. (the “SCP Pre-Fund IV”), Shore Capital Partners Pre-Fund II, L.P. (the “SCP Pre-Fund II”), Shore Capital Partners Pre-Fund V, L.P. (the “SCP Pre-Fund V”) and provides professional services to the special purpose vehicles, SVP-B Holdings, LLC and SCP SVP Long Term Holdings, LLC (each an “SPV”) (each a “Fund” and collectively, the “Funds”). SCP affiliates serve as general partner to the Funds. Shore Capital Partners GP I, L.P. (“SCP GP I”), serves as the general partner to the SCP Fund I and SCP Fund I-A, Shore Capital Partners GP II, L.P. (“SCP GP II”) serves as the general partner to SCP Fund II and SCP Fund II-A, Shore Capital Partners GP IV, L.P. (“SCP GP IV”) serves as the general partner to SCP Pre-Fund IV, Shore Capital Partners Pre-Fund GP II, L.P. (“SCP Pre-Fund GP II”) serves as the general partner to SCP Pre-Fund II, and Shore Capital Partners GP V, L.P. (“SCP GP V”) serves as the general partner to SCP Pre-Fund V (each a “General Partner” and collectively, the “General Partners”). In addition, SCP SVP Long Term Holdings, LLC serves as the Manager to SVP-B Holdings, LLC and Shore Capital Partners UGP I, LLC serves as the Manager to SCP SVP Long Term Holdings, LLC. The primary purpose of the Funds is to seek to generate returns for their respective partners, principally through long term capital appreciation, by making, holding and disposing of primarily privately negotiated control equity and equity-related investments in the lower middle market and middle market healthcare services, healthcare products/devices, payor services, and distribution markets. The SPVs were formed for the sole and exclusive purpose of owning a single portfolio company and its subsidiaries.

The Company has full discretionary authority with respect to investment decisions, and its advice with respect to the Funds is tailored according to the investment objectives, guidelines, and requirements as set forth in each Fund’s respective offering memoranda and advisory agreement. The Company may enter into agreements with one or more investors which have the effect of altering or supplementing the terms of the offering to the specific investor. Any terms contained in such agreements to or with an investor shall govern with respect to such investor notwithstanding the provisions of the Fund’s governing documentation. Among other things, terms may include Fund Advisory Board membership, additional notification provisions, UBTI restrictions, and most-favored nation provisions. Under certain circumstances, these agreements could create preferences or priorities for such investors compared to other limited partners.

SCP is a Delaware limited partnership that was formed and began operating in 2009. SCP is owned by JRI Investment I, LLC, which is wholly owned by Justin Ishbia, Managing Partner. SCP manages the Funds and also has strong relations with Operating Partners that serve to make proper introductions and in some cases are board members or executives to portfolio companies held by the Funds.

As of May 31, 2018, the Company directed approximately \$560,523,264 of assets, including approximately \$342,914,133 of regulatory assets under management on a discretionary basis for the Funds and approximately \$217,609,131 of co-invested capital invested alongside the Funds.

Item 5: Fees and Compensation

The fees and expenses applicable to the Funds are set forth in detail in each of the Funds' respective offering documents (e.g. private placement memorandum, limited partnership agreement, limited liability company agreement, and subscription agreement). A brief summary of fees and expenses is provided below.

SCP (through the SCP affiliates) is entitled to receive management fees ("Management Fees") for the investment management and advisory services provided to the Funds. The principal terms related to the Management Fees payable by the Funds are currently as follows (unless otherwise noted in each of the Funds' respective offering documents):

- Management Fees are paid quarterly in advance (per the dates set forth in the relevant Fund Documents).
- Prior to the end of the relevant Fund's investment period, Management Fees are 2% per annum of the aggregate amount of the capital commitments by the limited partners to the relevant Fund.
- After the investment period, Management Fees may be reduced as specified by the relevant Fund Documents, and may be calculated as a percent of the aggregate amount of the limited partners' capital contributions in respect of investments that have not been realized (or the unrealized portion of any investment that has been partially realized).
- Transaction fees, monitoring fees, directors' fees, break-up fees and other similar fees from portfolio companies (or potential portfolio companies in the case of break-up fees) received by SCP or SCP Affiliates ("Other Fees") will reduce the Management Fee by an amount specified in the relevant Fund Documents. In general the offset is 80% after a specified threshold has been received by SCP as disclosed in each Funds' respective offering documents and may change over time depending on timing of subsequent funds initiated.
- SCP may receive from its portfolio companies allowable expense reimbursement and consulting fees as a result of providing operational consulting services, which are outlined in each Funds governing documents. Such services are provided by the Shore Resources Team ("SRT"). SCP will periodically review the rates billed to portfolio companies by SRT to ensure rates remain in line with or below rates that would be charged by an external third party. Prior to billing portfolio companies, SCP's CFO will review and approve SRT's timesheets. These amounts are not included in Other Fees defined above.
- SCP may waive all or a portion of the Management Fee. In such case, limited partners will be required to make additional capital contributions in an amount up to the amount of any waived Management Fees, the required capital contributions from relevant SCP Affiliates will be reduced by a corresponding amount, and SCP will receive distributions and allocations of profits in connection with such contributions.

In addition to Management Fees, in general SCP affiliates are also entitled to receive a carried interest or incentive allocation from each Fund of up to 20% of cumulative net profits after satisfaction of an 8% hurdle return. SCP's entitlement to carried interest is subject to clawback provisions and other more detailed allocation and distribution provisions set forth in the Fund

Documents of each Fund. The SPVs do not pay a management fee; however, SCP affiliates may be entitled to carried interest or incentive allocation from the SPVs up to 30% of applicable distributions. SCP's entitlement to carried interest is subject to provisions and other more detailed allocation and distribution provisions set forth in the limited liability company agreements of each SPV.

Expenses attributable to each Fund are described in the respective Fund's offering documents. Fund expenses may include, but are not limited to, the following: organizational and startup expenses, including legal, travel, accounting, filing, printing, capital raising and other organizational expenses; costs and expenses of the Fund that are not reimbursed by portfolio companies (which reimbursements may be for travel and any other out-of-pocket expenses incurred in connection with the structuring, organizing, acquiring, managing, monitoring, operating, holding, winding up, liquidating, dissolving and/or disposing of such portfolio company investments, including follow-on investments and refinancings), including legal, auditing, consulting, financing, accounting, administration and custodian fees and expenses; expenses associated with the Fund's financial statements, tax returns, Schedule K-1s and any other Fund-related reporting or filing obligations; regulatory related fees and expenses (including fees and expenses related to the preparation and filing of Form PF); expenses incurred in connection with transactions not consummated; expenses of the Advisory Board (as defined below) and annual meetings of the Limited Partners and any other meeting with any Limited Partner(s); insurance (including directors and officers insurance); other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against the Fund. Expenses attributable at the portfolio company level are described in portfolio company management services agreements.

Please refer to the Client Referrals and Other Compensation section below for additional expenses that may be borne by the Funds, and additional compensation that may be received by SCP, the General Partners, and/or the Operating Partners. The Funds' fees are not negotiable since the Funds are closed to new investors. SCP negotiates fees during the process of raising a new fund.

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

As disclosed above and in each Fund's offering documents, each Fund may pay a carried interest of up to 20% and the SPVs may pay a carried interest of up to 30%. The carried interest is calculated based on the profits generated from the sale or disposition of Fund assets. The carried interest may be viewed by regulators as creating an incentive for SCP to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments, than would be made if such carried interest were not allocated to SCP. The Company has adopted and implemented written compliance policies and procedures that are designed to address the conflicts of interest. Further, SCP believes that the above conflict of interest is substantially mitigated since the interests of SCP and the General Partners are aligned with investors in the Funds (i.e., the General Partners are investors in the Funds and invest *pari passu* in all Fund investments with the limited partners). Carried interest is generally subject to clawback provisions and such other more detailed provisions set forth in the Funds offering and organizational documents.

Item 7: Types of Clients

SCP provides investment management and advisory services, as described above in the Advisory Business section, to the Funds. Investment advice is not provided individually to the limited partners of the Funds. Investment in the Funds is generally only available to institutional investors and certain high net worth investors that are “accredited investors” and “qualified purchasers”, within the meaning of the U.S. Securities Act of 1933, as amended and the U.S. Investment Company Act of 1940, as amended, respectively.

Investors in the Funds are generally required to make a capital commitment or investment of no less than a required minimum amount as set forth in each of the Funds respective governing documents. At its discretion, SCP or the General Partners may waive or lower the minimum capital commitment amount. The Funds, however, are closed to new investors.

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

As disclosed above, the primary purpose of the Funds is to seek to generate returns for its partners, principally through long term capital appreciation, by making, holding and disposing of primarily privately negotiated control equity and equity-related investments in the lower middle market and middle market healthcare services, healthcare products/devices, payor services, and distribution markets. The SPVs were formed for the sole and exclusive purpose of owning a single portfolio company and its subsidiaries.

SCP focuses on making investments in a range of healthcare businesses, generally with headquarters or base of operations in North America. SCP has direct experience in the following areas, but not limited to:

- Specialty Infusion
- Physical Therapy
- Diagnostics
- Urgent Care
- Healthcare Staffing
- Veterinary Service Organizations
- Dental Service Organizations
- Surgical Products
- Wound Care Products
- Medical Devices
- Autism Therapy
- Opioid Addiction Centers
- Concierge Medicine Consulting
- Ophthalmology
- Third Party Administration

Utilizing the private equity and direct management experience among SCP's investment team, SCP has developed its disciplined investment approach:

- Identify a niche within the healthcare industry that it believes is a long term growth sector
- Perform detailed due diligence led by senior investment professionals
- Recruit industry experts to help evaluate the opportunities and who may manage the business
- Supplement the current team and business processes with business development, management expertise, industry focused metrics, robust financial reporting tools, and capital for growth initiatives and add-on acquisitions

SCP typically focuses on making investments with the following characteristics (more specifics on the focus of each fund can be found in each respective fund's governing documents):

- Lower middle market and middle market healthcare companies
- Revenues generally between \$5 and \$100 million at investment
- Identifiable and achievable improvement and/or growth opportunities
- Strong incumbent key managers preferred but not required
- Control equity investments generally between \$10 million and \$40 million, but may have equity investments of substantially more than \$40 million in certain situations

SCP has an Investment Committee comprised of Justin Ishbia, Ryan Kelley, Don Pierce, Mike Cooper, and John Hennegan. The Investment Committee for SCP Fund I and SCP Fund I-A include the five previously mentioned individuals as well as James Forest. All portfolio company investments are subject to Investment Committee approval in accordance with each Fund's limited partnership agreement.

Risks

All investing involves a risk of loss that the Funds and its partners should be prepared to bear. SCP cannot give any guarantee that it will achieve a Fund's investment objectives or that the Funds will receive a return on their investments. The past performance of investment strategies such as those implemented by SCP is not indicative of their future results. Investors should ultimately refer to their Fund's respective offering documents for detailed risk disclosures that specifically address risks of each Fund's investment strategies, methods of analysis, and/or particular types of investments recommended. The strategies, methods of analysis and material risks applicable to an investment in the SPVs is unique and pertains to the acquisition, growth, and sale of a single portfolio company. Below is a summary of potentially material risks for each significant SCP investment strategy used, the methods of analysis used, and/or the particular type of investment recommended.

- *Business Risks* – The Funds' investment portfolio may consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

- *Investment in Junior Securities* – The securities in which the Funds will invest may be among the most junior in a portfolio company’s capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Fund’s investment once made.
- *Concentration of Investments* – The Funds will participate in a limited number of investments and intends to make most of its investments in one industry or one industry segment. As a result, the Fund’s investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return.
- *General Risks of Investments in Healthcare Companies* – While investments in healthcare companies offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial or total loss. Healthcare companies may face intense competition, including competition from companies with greater financial resources, more extensive research and development, sales and marketing, customer services and support and other capabilities and a larger number of qualified managerial and technical personnel. Companies in which the Fund invests could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, or an economic downturn. The Funds portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources.
- *Healthcare Reform* – Healthcare reform continues to be a significant factor in the profitability of companies in which the Fund may invest. The efforts to reform the healthcare delivery system in the United States and Europe has resulted in increased pressure on healthcare providers and other participants in the healthcare industry to reduce costs. These competitive forces place constraints on the levels of overall pricing, and thus could have a material adverse effect on profit margins for the companies in which the Funds invest.
- *Healthcare Regulation and Reimbursement* – Various segments of the healthcare industry are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement programs. While the Fund intends to make investments in companies that comply with relevant laws and regulations, certain aspects of their operations may not have been subject to judicial or regulatory interpretation. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which the Fund invests. Recent legislative changes, including the passage of the U.S. Patient Protection and Affordable Care Act, have had, and will likely continue to have, a significant impact on the healthcare industry. In addition, various legislative proposals related to the healthcare industry are introduced

from time to time at the U.S. federal and state level, and any such proposals, if adopted, could have a significant impact on the healthcare industry and/or on companies in which the Funds may invest.

- *Healthcare Research and Innovation* – The healthcare industry spends heavily on research and development. Research findings (e.g., regarding side effects or comparative benefits of one or more particular treatments, services or products) and technological innovation (together with patent expirations) may make any particular treatment, service or product less attractive if previously unknown or underappreciated risks are revealed, or if a more effective, less costly or less risky solution is or becomes available. Any such development could have a material adverse effect on the companies in which the Funds invest.
- *Illiquidity; Lack of Current Distributions* – An investment in the Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Fund (including the Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Funds' capital, including, without limitation, unfunded Commitments.
- *Early-Stage Investments* – It is anticipated that the Funds will make investments in certain early-stage companies that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the Funds will be successful.
- *Reliance on the General Partner and Portfolio Company Management* – Control over the operation of the Funds will be vested with the General Partner, and the Fund's future profitability will depend largely upon the business and investment acumen of the Principals. The loss or reduction of service of one or more of the Principals could have an adverse effect on the Fund's ability to realize its investment objectives. Limited Partners generally have no right or power to take part in the management of the Fund, and as a result, the investment performance of the Fund will depend on the actions of the General Partner. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on the Fund or one or more of its portfolio companies including potential acceleration of debt facilities. Although the General Partner will monitor the performance of each Funds' investments, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day to day basis. Although the Fund generally intends to

invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

Item 9: Disciplinary Information

SCP and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Item 10: Other Financial Industry Activities and Affiliations

As described above, SCP GP I, SCP GP II, SCP GP IV, SCP Pre-Fund GP II, and SCP GP V serve as general partner to the Funds. In addition, SCP Long Term Holdings, LLC and Shore Capital Partners UGP I, LLC serve as the Managers to the SPVs. The General Partners and Managers are not registered as investment advisers with the SEC. While the General Partners and Managers are not registered as an investment adviser, all of their investment advisory activities are subject to the Investment Advisers Act of 1940 and the rules thereunder. In addition, employees and persons acting on behalf of the General Partners and Managers are subject to the supervision and control of SCP. Thus, the General Partners, Managers, any employees and the persons acting on their behalf would be "persons associated with" SCP so that the SEC could enforce the requirements of the Advisers Act on the General Partners and Managers.

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

Participation in Client Transactions

SCP, its employees or a related entity (collectively "Related Persons"), will generally have an investment in the Funds managed by SCP. As a result, Related Persons have an interest in the Funds' investments. The Operating Partners have also invested in certain of the Funds' investments. Please refer to the Client Referrals and Other Compensation section for additional disclosures with respect to the Operating Partners.

Conflicts of Interest

The Company has adopted and implemented written compliance policies and procedures that are designed to address conflicts of interest. The Company further mitigates conflicts primarily through specific policies outlined in each fund's respective governing documentation to act in the best interests of our Funds and to disclose (potential) conflicts of interest to the Funds and its investors.

Code of Ethics and Personal Trading

SCP strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, SCP has adopted a Code of Ethics (the "Code"). The Code requires that all employees must act with competence, dignity, integrity, and in an ethical manner when interfacing with the public, current or potential investors, third-party service providers, and fellow employees. Employees must use

reasonable care and exercise independent judgment when conducting investment analysis, making investment recommendations, making investment transactions, promoting SCP's services, and engaging in other professional activities. SCP expects all employees to adhere to the highest standards with respect to any potential conflicts of interest with either the Funds or investors. As a fiduciary, SCP must act in the Funds' best interests.

The Code governs personal trading by SCP Access Persons, including that Access Persons disclose their personal securities holdings and transactions to SCP on a periodic basis. SCP's Code requires employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide SCP with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest. The Code also includes reporting requirements and restrictions designed to supervise the giving or receiving of gifts and entertainment, and employees' outside business activities. The Code also requires SCP and its employees to pre-clear certain political donations. Also, policies and procedures for reporting, investigating, and treating violations are included in the Code.

Investors may request a copy of the Code by contacting SCP at the address or telephone number listed on the first page of this document.

SCP also maintains insider trading policies and procedures (the "Insider Trading Policies") that are designed to prevent the misuse of material, non-public information. SCP's personnel are required to certify to their compliance with the Code, including the Insider Trading Policies, on a periodic basis.

Item 12: Brokerage Practices

SCP focuses on making investments in private securities. The Funds therefore do not typically deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable in connection with Fund investments. To the limited extent SCP transacts in public securities, it intends to select brokers based upon the broker's ability to provide best execution for the Funds. Similarly, SCP attempts to ensure that the Funds pay no more than the perceived fair value for portfolio companies as well as reasonable fees for services necessary to complete the transactions.

SCP recognizes that the analysis of execution and implementation quality involves a number of factors, both qualitative and quantitative. In implementing transactions for the Funds, SCP will take into account the full range of applicable factors when hiring third party service providers or other intermediaries for the purpose of completing transactions. Factors include general expertise and background, the type and size of the transaction involved, the stability or solvency of the service provider or counterparty, settlement capabilities, time required to complete the role sought, research services or any arrangements relating to overall performance in the best interest of the Funds.

SCP is generally authorized to make the following determinations, subject to the Funds' investment objectives and restrictions, without obtaining prior consent from the relevant Funds or any of their investors: (1) which securities or other instruments to buy or sell; (2) the total

amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

SCP does not participate in any soft dollar arrangements with any broker.

Item 13: Review of Accounts

The Funds are monitored on a continuous basis by personnel at SCP. The progress of all portfolio companies is monitored on an ongoing basis and is subject to the supervision and review by SCP investment professionals. Generally, portfolio companies provide weekly updates, monthly reports and quarterly board presentations to SCP; which include high level metrics that are key drivers to the business. SCP reviews financial statements of portfolio companies on a monthly basis and typically attends board meetings, when held.

SCP may provide written quarterly and annual reports to each Fund's limited partners. Such quarterly report aims to provide updated information on investments, and includes unaudited financial statements of the Funds. The annual report may include audited Fund financial statements. SCP also holds an annual investor meeting for all Funds.

Item 14: Client Referrals and Other Compensation

Economic Benefits from Non-Clients

As described above in the Advisory Fees section and in Fund offering documents, the General Partners and their affiliates (i.e. SCP) shall be permitted to receive fees, commissions and other compensation from entities other than the Funds, subject to remuneration provisions, as disclosed above in the Fees and Compensation section. For example, SCP has contractual rights to receive advisory fees from certain portfolio companies to the extent permitted in written agreement(s) with portfolio companies. SCP, at its discretion, may waive such advisory fees. Any director, consulting, monitoring, investment banking, transaction or break-up fees or other remuneration (including, without limitation, proceeds from the disposition of any stock option received in connection with service as a director, consultant or investment banker) paid by or with respect to a portfolio company for services rendered shall be received by the General Partners or such affiliate in such person's capacity as the General Partners or as a member, officer, director, employee of or consultant to the General Partners and shall be remitted to the General Partners, and shall reduce the management fee otherwise payable to the General Partners subject to provisions in Fund offering documents. Furthermore certain expense reimbursement and consulting fees paid by portfolio companies to SCP related to operational consulting services may be in addition to the management fee. The Operating Partners, as defined in the Funds' limited partnership agreements, work in senior management roles in certain portfolio companies. As provided in the Funds' limited partnership agreements, the Operating Partners may receive compensation from the portfolio companies and such compensation may not be offset against management fees of the Funds.

Ancillary compensation (besides management fees and carried interest paid by the Funds) received by SCP, its affiliates/related persons, and/or the Operating Partners may be viewed as a conflict with the interests of the Funds. For example, any transaction-based or executive compensation (e.g. salary, stock options, etc.) paid to Operating Partners may create an incentive

for Operating Partners to recommend a portfolio company based on compensation received personally, rather than the Funds' needs. SCP believes such a conflict is mitigated since SCP maintains an investment committee that must approve investment deals, including those sourced by Operating Partners. Overall, SCP believes that conflicts of interests are substantially mitigated since the interests of SCP, the General Partners, and the Operating Partners are aligned with investors in the Funds (i.e., each General Partner is an investor in its Fund). Further, SCP has adopted and implemented written compliance policies and procedures that are designed to address conflicts of interest. Management fee offsets (as described above and in Fund offering documents) further mitigate the conflict of Related Persons receiving ancillary compensation. Finally, SCP has a fiduciary duty to act in the best interests of the Funds.

Item 15: Custody

SCP has access to the Funds assets since it or a related person serves as the investment adviser, general partner, or managers of the Funds. Limited partners will not receive statements from any custodians. To comply with the Advisers Act Custody Rule (i.e. Rule 206(4)-2) and to provide meaningful protection to investors, the Funds are subject to an annual financial statement audit by an independent public account registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are prepared in accordance with generally accepted accounting principles, and are distributed to investors in accordance with Rule 206(4)-2 and delivery requirements stated in Fund offering document provisions.

Item 16: Investment Discretion

In accordance with the execution of terms and conditions disclosed in governing Fund documents (i.e. limited partnership agreement, subscription agreement, etc.), and subject to the direction and control of the General Partners, SCP has discretionary authority to determine the investments and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds. Any limitations on this authority are included in governing Fund documents, investor side letters, and/or SCP's internal compliance policies and procedures.

Item 17: Voting Client Securities

A majority of the portfolio companies held by the Funds are private companies which typically do not issue proxies. However, in the event proxies are required to be voted, SCP has adopted the following procedures:

- SCP will vote its clients' proxies in the best interest of its clients and not its own.
- SCP will seek to avoid material conflicts of interest between the interests of SCP on the one hand and the interests of its clients on the other.
- If the Chief Compliance Officer ("CCO") and/or any investment staff member detects a material conflict of interest in connection with a proxy solicitation, the CCO must be informed and will then elevate the matter to the Fund's limited partner advisory board.

The CCO will retain a memo to the files describing the material conflict of interest and the proposed resolution.

- SCP will vote proxies in the interest of maximizing value for SCP's clients.
- All proxy solicitation materials received by SCP shall be received by the senior principal(s) responsible for the respective deal(s) and shared with the CCO and/or his or her designee.
- A copy of the deal team(s) proxy vote remittance will be provided to the CCO and/or his or her designee.

A number of SCP's investment professionals serve as board members for the Funds' portfolio companies. In situations where SCP votes the proxy for a company in which a member of SCP serves on the board of directors, SCP has determined that such situations do not inherently present a conflict of interest in light of the fact that the purpose for serving on the board is to maximize the return on the relevant Fund's investment and to ensure that the Fund's interests are protected.

SCP must either maintain its own copies of proxy statements as noted above or rely on proxy statements filed on the SEC's EDGAR system (See <http://www.sec.gov/info/edgar/forms.html>). Additionally, SCP may rely on proxy statements and records of proxy votes cast by SCP that are maintained by a third party such as a proxy voting service, provided that SCP has obtained an undertaking from the third party to provide a copy of the documents promptly upon request.

Any request made by an investor, whether written (including email) or verbal, received by any of SCP's employees, must be promptly reported to the CCO or his or her designee. Investors in a Fund are permitted to request and SCP is required to distribute the proxy voting record for such Fund for the 5 year period prior to the relevant request. SCP shall furnish the information requested by any such investor within a reasonable time period and maintain a copy of the investor's request and the information furnished by SCP.

Item 18: Financial Information

A balance sheet is not required to be provided as SCP (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.