

Silverfern Capital Management, LLC

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Part 2A of Form ADV: Firm Brochure

January 23, 2019

Item 1. Cover Sheet

This Brochure provides information about the qualifications and business practices of Silverfern Capital Management, LLC (“we” or “SCM”). If you have any questions about the contents of this Brochure, please contact us at 212-209-8860 or jcattau@silfern.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Silverfern Capital Management, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

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

Item 2. Material Changes

We last filed an update to this Brochure on March 30, 2018 and have not updated this Brochure since that date.

This amendment reflects the change in name of the investment adviser from SCIP Capital Management, LLC to Silverfern Capital Management, LLC.

Our Brochure may be requested by contacting John R. Cattau, our Chief Compliance Officer, at (212) 209-8860 or jcattau@silfern.com.

Additional information about SCM is available on the SEC's web site, www.adviserinfo.sec.gov. The SEC's web site also provides information about certain persons affiliated with SCM who are registered, or are required to be registered, as investment adviser representatives of SCM.

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Item 4. Advisory Business

Our Organization

Silverfern Capital Management, LLC (“SCM”), a Delaware limited liability company formed in 2005, is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”).

SREP Capital Management, LLC (“SRM”), a Delaware limited liability company formed in 2007, is an investment adviser registered with the SEC which is a relying adviser of SCM.

Collectively, references to SCM and SRM, each a “Manager” may be referred to as “we” or the “Managers”, and together with their applicable affiliates, including the general partner of each Silverfern Investment Partnership (as defined below) (each, a “General Partner”), “Silverfern”.

Principal Owners

Each of SCM and SRM is a limited liability company owned jointly by Clive R. Holmes and Reeta K. Holmes. Mr. Holmes was the owner of SCM and SRM since its formation, and the indirect owner of each since January 1, 2014. Ms. Holmes has been the indirect owner of each of SCM and SRM since January 1, 2014. Mr. Holmes and Ms. Holmes are control persons of SCM and SRM.

Types of Services Offered

The Managers provide certain management, investment advisory and administrative services to certain single-purpose limited partnerships and separately managed accounts (each a “Silverfern Investment Partnership”, and collectively, the “Silverfern Investment Partnerships”), interests in which are privately placed with accredited investors and qualified purchasers. The interests in the Silverfern Investment Partnerships are intended to be exempt from registration under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the other applicable U.S. federal and state securities laws, “blue sky” laws and other non-U.S. securities laws and regulations in each jurisdiction in which such interests are offered and/or sold. Silverfern makes investments in 1) private equity (co-control minority, equity and private equity credit) in buyouts, build-ups, acquisitions, growth equity and recapitalizations worldwide, 2) real estate (co-control minority, majority control, equity and real estate credit) in the acquisition and recapitalization of real estate assets and companies around the world, and 3) private debt (private equity and real estate) up and down the capital structure of its target companies and real estate assets above equity. The Managers typically organize Silverfern Investment Partnerships to provide accredited investors and qualified purchasers the opportunity to invest in private equity and real estate alongside certain sophisticated family offices, non-traditional investment partners, leading private equity firms leading real estate operating partners, institutional real estate owners (each, as applicable, an “Investment Partner”), and in a transaction (or series of related transactions) with respect to a target investment, and determined by the relevant Manager, in its sole discretion, to be appropriate for the Silverfern

Investment Partnership. Currently, the only advisory clients of the Managers are the Silverfern Investment Partnerships.

Each Manager generally provides investment advisory services to each Silverfern Investment Partnership pursuant to a separate investment advisory agreement (each, an “Advisory Agreement”). The terms of the investment advisory services to be provided by the relevant Manager to a Silverfern Investment Partnership, including any specific investment guidelines or restrictions, are set forth in the Advisory Agreement. These guidelines may include investigating, analyzing, structuring and negotiating potential investments, monitoring the performance of portfolio companies and/or real estate investments, and advising the general partner of each Silverfern Investment Partnership as to disposition opportunities.

These Silverfern Investment Partnerships may be organized as either domestic or non-U.S. limited partnerships that are intended to be exempt from registration as investment companies under the Investment Company Act of 1940, as amended (the “Investment Company Act”) in reliance on certain exemptions thereunder. A description of each Silverfern Investment Partnership and the terms of an investment therein is set forth in the confidential offering materials and the applicable limited partnership agreement (or other similar governing document) (each, a “Governing Document”) for each Silverfern Investment Partnership. The relevant Manager or its related entities also may enter into side letter agreements with certain investors in the Silverfern Investment Partnerships, establishing rights under, or supplementing or altering the terms of, the applicable Governing Documents and subscription agreements relating to such Silverfern Investment Partnerships with respect to such investors. The relevant Manager has no obligation to offer all such additional rights, terms or conditions to any other investor in such Silverfern Investment Partnerships. Once invested in a Silverfern Investment Partnership, investors cannot impose additional investment guidelines or restrictions on such Silverfern Investment Partnership.

SCM has an agreement with Citi Private Bank and its global affiliates to privately place interests in Silverfern Investment Partnerships with such institution’s high net worth clients who are accredited investors and qualified purchasers. SRM, by virtue of its affiliate relationship with SCM, works with Citi Private Bank in a similar manner.

Assets Under Management

As of December 31, 2017, the Managers managed client assets on a discretionary basis in the amount of \$340.8 million and do not manage client assets on a non-discretionary basis.

Item 5. Fees and Compensation

In general, Silverfern receives a management fee and carried interest in connection with advisory services. Silverfern or other Silverfern entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of Silverfern Investment Partnerships and other persons, although in certain circumstances such additional compensation will offset in whole or in part management fees otherwise payable to Silverfern, as described in more detail below. Investors in a Silverfern Investment Partnership also bear certain expenses.

Structuring Fee: The relevant Manager charges a one-time structuring fee to all investors in connection with their participation in their first Silverfern Investment Partnership (the “Structuring Fee”). The Structuring Fee is non-refundable, is not offset against the applicable Management Fee, and is capitalized into the investor’s capital account for such first Silverfern Investment Partnership.

Management Fee: As consideration for services relating to the evaluation, procurement and management of the investments, the investors in each Silverfern Investment Partnership are issued capital calls, quarterly in advance, for management fees due to the relevant Manager (the “Management Fee”) in an aggregate amount that can vary based on the investor type or amount of capital committed in an amount up to (i) three percent (3.00%) per annum of such investor’s capital commitments to the Silverfern Investment Partnership during the commitment period (typically, five years from the initial closing of the Silverfern Investment Partnership as specified in the applicable Governing Document) and (ii) after the expiration of the commitment period and with respect to each investor, an aggregate amount that can vary based on the investor type or amount of capital committed in an amount up to three percent (3.00%) per annum of such investor’s capital contributions to the Silverfern Investment Partnership, including (if applicable) any such capital contributions that have been returned to such investor. Management Fees for certain Silverfern Investment Partnerships may be lower for investors who invest above certain invested capital thresholds.

The Management Fee for any period in which a Manager serves as investment manager for less than a full quarterly period shall be prorated on the basis of the number of days in the period compared to the number of days the Silverfern Investment Partnership and its assets were managed by the relevant Manager during the period. Upon termination of an investment management services agreement by the relevant Manager, any prepaid, unearned Management Fees will be promptly refunded, and any earned, unpaid Management Fees will be due and payable.

Each respective Manager’s Management Fees are in addition to any brokerage commissions, transaction fees, and other related costs and expenses incurred by the investor or Silverfern Investment Partnership. Investors in each Silverfern Investment Partnership receive capital calls for operating expenses incurred on their behalf by the Silverfern Investment Partnership on a quarterly basis. Each Silverfern Investment Partnership may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial

fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

In certain Silverfern Investment Partnerships, any fees or other compensation paid to Silverfern or otherwise received by Silverfern or certain Silverfern or Silverfern-associated personnel in connection with such Silverfern Investment Partnership's investment in a Portfolio Investment (as defined below) will not offset the applicable Management Fee.

In addition, Silverfern provides certain accounting, reporting and administrative services by Silverfern-associated personnel to the Silverfern Investment Partnerships which are in addition to those provided by an unaffiliated third party administrator. Silverfern performs these services internally with the intention of reducing overall Operating Expenses. The amount of such reimbursement is \$37,500 (or such lesser amount as determined by the applicable General Partner in its sole discretion) of such costs and expenses per fiscal year for each Silverfern Investment Partnership and such amount will not offset the applicable Management Fee.

Carried Interest: In addition to the Structuring Fee and the Management Fee payable to the relevant Manager, the general partner of each Silverfern Investment Partnership is entitled to receive a performance allocation ("Carried Interest") calculated on a cumulative basis of up to twenty-five percent (25.00%) of the realized profits earned from investments by the Silverfern Investment Partnership. Carried Interest is determined after the return to the investors of all capital contributions plus a preferred return, as described in the offering and organizational documents for the relevant Silverfern Investment Partnership. Carried Interest is not allocated to the general partner until proceeds are realized from an investment. Carried Interest for certain Silverfern Investment Partnerships may be lower for investors who invest above certain invested capital thresholds.

Reimbursements are payable to the relevant Manager by each Silverfern Investment Partnership for Operating Expenses (quarterly), Investment Expenses (one-time, generally relating to the costs incurred and time spent in consummating the investment and any such costs and expenses relating to potential investments that are not consummated) and Organizational Expenses (one-time, relating to the formation of the relevant Silverfern Investment Partnership and its affiliated entities). These expense reimbursements are disclosed to investors in the relevant offering documents and/or Governing Document for each Silverfern Investment Partnership and are in addition to the Structuring Fee, Management Fees and Carried Interest discussed above. All such expenses are capitalized into the capital account for each investor in each Silverfern Investment Partnership on a pro-rata basis and are non-negotiable.

Furthermore, as set forth more fully in the applicable Governing Document, any and all fees, costs and expenses incurred in connection with the discovery, investigation, evaluation, acquisition, monitoring, holding, taking public or private or disposition of investments (in each case, whether or not consummated), including, without limitation, travel, private placement fees (including, without limitation and to the extent applicable, any portions of the Management Fee and/or the Carried

Interest payable as a private placement fee), financing or refinancing fees, appraisal fees, taxes, brokerage fees, warehousing or similar fees, underwriting commissions and discounts and legal, accounting, investment banking, consulting, information services and professional fees (including, without limitation, compensation for services provided by certain executives and/or other professionals (each, an “Executive Partner”), and which reimbursement may include affiliates of the General Partner or the Manager, to the extent that fees, costs and expenses payable to such affiliates do not exceed the amount customarily charged by third parties for services similar to those actually provided); (ii) any and all costs and expenses incurred in connection with the carrying or management of investments, including, without limitation, custodial fees, trustee fees, third-party valuation fees, maintenance and storage costs of books and records, the reimbursement of costs and expenses related to the provision of accounting, administrative and reporting services by Silverfern-associated personnel, and other administration fees; (iii) any and all costs and expenses incurred in connection with the applicable Silverfern Investment Partnership’s financial statements and reports, tax returns, tax estimates, U.S. Internal Revenue Service Schedules K-1 (or similar schedules) and any other communications with limited partners; (iv) any and all fees, costs and expenses in relation to any notifications and/or filing made by or on behalf of the applicable Silverfern Investment Partnership or the Manager in view of the marketing of the interests; (v) any and all insurance premiums, costs and expenses and regulatory and litigation expenses and damages incurred by the applicable Silverfern Investment Partnership in connection with the activities of the such Silverfern Investment Partnership, including errors, omissions, fidelity, crime, general partner liability, fiduciary directors’ and officers’ insurance and similar coverage for certain entities or persons acting on behalf of such Silverfern Investment Partnership and/or any entity related to a Silverfern Investment Partnership; (vi) any and all costs and expenses (including legal fees and expenses) incurred to comply with any law or regulation related to the activities of the applicable Silverfern Investment Partnership (including regulatory expenses of the General Partner and the Manager (including Form PF and any Silverfern Investment Partnership-related filings or reports contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation)) or incurred in connection with any litigation or governmental inquiry, investigation or proceeding involving the Silverfern Investment Partnership, including the amount of any judgments, settlements or fines paid in connection therewith, except, however, to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for the applicable Governing Document; (viii) any and all costs and expenses incurred in connection with the dissolution, liquidation, winding up or termination of the Silverfern Investment Partnership; (ix) any and all costs and expenses incurred in connection with any amendments, modifications, revisions or restatements to the Governing Documents of the Silverfern Investment Partnership and any entity related to a Silverfern Investment Partnership; (x) any and all costs and expenses incurred in connection with any valuation of the assets of the Silverfern Investment Partnership; (xi) any and all costs and expenses incurred in connection with distributions to the limited partners or any meeting of the Silverfern Investment Partnership limited partners; (xii) any and all interest on, and fees, costs and expenses arising out of, or payments with respect to, any Silverfern Investment Partnership debt that is permitted under the applicable Governing Document; (xiii) any and all costs and expenses

incurred in connection with any outsourcing of the administration of the Silverfern Investment Partnership or its subsidiaries; (xiv) any and all costs and expenses related to the applicable Silverfern Investment Partnership's indemnification obligations pursuant the applicable Governing Document; (xv) any activities with respect to protecting the confidential or nonpublic nature of any information or data, including confidential information; (xvi) only to the extent a limited partner has already paid a Structuring Fee, any and all costs, fees and expenses incurred in connection with the organization and startup of the applicable Silverfern Investment Partnership, including, without limitation, travel, printing, legal, capital raising, accounting regulatory compliance, administrative or other filings and other organizational expenses; (xvii) any and all fees or expenses paid by the applicable Silverfern Investment Partnership to any person or entity controlled or managed by an Investment Partner or its affiliates with respect to a Portfolio Investment in connection with the Portfolio Investment (including, without limitation and for the avoidance of doubt, any fees and expenses similar to those described in clauses (i) through (xv) incurred by the Investment Partner or such affiliate and payable by, or otherwise allocable to, the applicable Silverfern Investment Partnership in connection with any Portfolio Investment); and (xviii) to the extent any fees, costs, expenses or other obligations are paid by or on behalf of the applicable Silverfern Investment Partnership with respect to any Portfolio Investment in a currency other than the monetary currency in which the applicable Silverfern Investment Partnership make a Portfolio Investment ("Investment Currency") used to make such Portfolio Investment, an amount equal to the excess, if any, of (x) the amount of fees, costs, expenses and other obligations actually paid by or on behalf of the applicable Silverfern Investment Partnership in such other currency over (y) the amount of capital contributions in such Investment Currency received by the applicable Silverfern Investment Partnership from the limited partners in respect of such fees, costs, expenses and other obligations (calculated from the applicable date on which a limited partner is required to make a capital contribution to the actual payment date).

The relevant Manager may terminate an investment process, in its reasonable opinion, if material information is disclosed during the relevant Manager's due diligence process that invalidates the investment rationale for such investment. If the investor had applied to subscribe to that investment, the investor will be liable for a pro-rata portion of certain expenses incurred by the relevant Manager or its affiliates. These expenses may include costs related to the formation, structuring, distribution, operation, administration, investment and development (including, without limitation, tax and legal expenses) of the potential investment.

Certain investors may sign (or, in the case of existing anchor investors (the "Anchor Investors"), have signed) side letters with terms different from those disclosed above. Such investors generally are charged lower Management Fees and Carried Interest based on the aggregate amount of capital invested across all Silverfern Investment Partnerships into which such investor has invested with the relevant Manager. These investors pay their pro-rata share of all other expenses in each Silverfern Investment Partnership in which they invest. In addition, generally, Silverfern employees are investors in all Silverfern Investment Partnerships. Such employees pay their pro rata share of all Silverfern Investment Partnership expenses but do not pay Management Fees and Carried Interest.

Such fees are also generally waived for Silverfern employees, Executive partners, affiliates and their families investing in a Silverfern Investment Partnership. In addition, certain Investment Partners may share in a portion of the incentive performance fee compensation earned by Silverfern.

From time to time, certain Silverfern affiliates including The Silverfern Group, Inc. (“SGI”), an SEC registered broker-dealer, may receive a transaction fee in connection with investments made by Investment Partners and/or a Silverfern Investment Partnership. In addition, Silverfern affiliates The Silverfern Group Pty Ltd, The Silverfern Group Europe B.V., and The Silverfern Group Europe GmbH (together, the “Non-U.S. Silverfern Affiliates”) may act in a similar capacity outside the U.S. and are registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction. Professionals of Silverfern who are also registered representatives of SGI or the applicable Non-U.S. Silverfern Affiliate may share in the receipt of transaction fees paid by Investment Partners and/or a Silverfern Investment Partnership in connection with services provided by SGI or the Non-U.S. Silverfern Affiliate in introducing the investment to an Investment Partner. In the case of certain Silverfern Investment Partnerships, a transaction fee generally will be paid by the relevant investors, which is not offset against the applicable Management Fee. Silverfern seeks to address this conflict of interest by not making its transaction fee contingent on the investment decision by the relevant Manager Investment Committee, and by having a voting member on each relevant Manager Investment Committee who is not able to share in such transaction fees.

From time to time, investors may have the option of participating in investments with the relevant Manager that do not involve transaction fees for Silverfern’s services. Item 10 has further disclosure on the conflicts involved with entities affiliated with the relevant Manager.

Executive Partners: As further described herein and in the relevant offering materials and/or Governing Document of each Silverfern Investment Partnership, it is Silverfern’s practice to retain the Executive Partners to provide services to (or with respect to) one or more Silverfern Investment Partnerships or certain current or prospective portfolio companies in which one or more Silverfern Investment Partnerships invest. Such Executive Partners generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. The Executive Partners receive compensation, including, but not limited to, a profits or equity interest in a Portfolio Investment, a share of certain transaction fees, or other incentive-based compensation to the Executive Partner. The Executive Partners also generally will be reimbursed for certain travel and other costs in connection with their services. As described above, although from time to time certain Executive Partners are expected to receive the benefit of indicia of employment at Silverfern, including but not limited to office space, listing in marketing materials and access to Silverfern resources, no such amounts will offset the Management Fee. The use of the Executive Partners subjects the Advisers to conflicts of interest, as discussed under “Conflicts of Interest,” below.

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

As noted in Item 5 above, the general partners of the Silverfern Investment Partnerships are entitled to receive Carried Interest in the percentages described above. The relevant Manager will not receive any portion of the Carried Interest; however, certain investment professionals of the relevant Manager will participate in such Carried Interest. The Carried Interest is charged in accordance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Although the existence of the Carried Interest is intended to align the interests of the general partners and the principals of the relevant Manager with the interests of the limited partners, it may also create an incentive for the relevant Manager and the individuals who are entitled to receive a portion of such fees to manage investments in a more aggressive manner than they might otherwise do in the absence of performance-based compensation. The relevant Manager seeks to treat its clients fairly and equitably in connection with meeting its general fiduciary obligations to them.

Item 7. Types of Clients

The advisory clients of the Managers include the Silverfern Investment Partnerships, single-purpose limited partnerships and certain other pooled investment and single investor vehicles, interests in which are privately placed with accredited investors and qualified purchasers. The interests in the Silverfern Investment Partnerships are intended to be exempt from registration under the Securities Act, and the other applicable U.S. federal and state securities laws, “blue sky” laws and other non-U.S. securities laws and regulations in each jurisdiction in which such interests are offered and/or sold. Investors may include, among others, high net worth individuals, Silverfern employees and their families, Silverfern affiliates, Executive Partners, Investment Partners, trusts, estates, corporations, limited partnerships and limited liability companies.

These Silverfern Investment Partnerships may be organized as either domestic or non-U.S. limited partnerships that are intended to be exempt from registration as investment companies under the Investment Company Act in reliance on certain exemptions thereunder. A description of each Silverfern Investment Partnership and the terms of an investment therein is set forth in the confidential offering materials for the Silverfern Investment Partnership.

The minimum investment in each Silverfern Investment Partnership is \$500,000 per investor (but may be higher for certain Silverfern Investment Partnerships as detailed in their applicable Governing Documents), although the relevant Manager may elect to accept such smaller investment amounts as it determines in its sole discretion.

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

Methods of Analysis and Investment Strategies

Silverfern's investment strategy is to make direct investments, on behalf of each Silverfern Investment Partnership, in middle market private equity, real estate and private debt globally, with a focus in the Americas, Europe and Asia-Pacific, seeking to preserve capital and to generate attractive risk-adjusted returns through growth and operational improvement.

In private equity and similar investments (co-control minority, equity and private equity credit), Silverfern seeks to invest \$25 million to \$100 million per investment with Investment Partners in buyouts, build-ups, acquisitions, growth equity and recapitalizations worldwide.

In real estate and similar investments (co-control minority, majority control, equity and real estate credit), the Managers seeks to invest \$15 million to \$75 million per investment in partnership with Investment Partners in the acquisition and recapitalization of real estate assets and companies around the world. In connection with such investments, Silverfern's focus is on value-added and opportunistic real estate investments on an equity and/or debt basis. The firm's target investments in such areas include all real estate asset classes, including multi-family, retail, office, industrial and hospitality.

In private debt and similar investments (private equity or real estate), Silverfern seeks to invest \$10 million to \$50 million per investment up and down the capital structure of its target companies and real estate assets above equity. Silverfern seeks to capitalize on the information flows its global private equity and real estate origination networks provide to better understand the companies and assets it is considering investing into and to identify potentially attractive private debt investments.

In evaluating potential private equity and similar investments, Silverfern conducts due diligence to analyze, among other things, the target company's: (i) market and competitive position within that market, (ii) cost and revenue structures, (iii) unique assets, such as brand strength, distribution capability and intellectual property, (iv) management team and compensation structure, (v) contingent liabilities (environmental, regulatory, accounting or otherwise), (vi) potential growth opportunities, and (vii) potential exit strategies.

In evaluating potential real estate investments, Silverfern conducts due diligence to analyze, among other things, the asset's or portfolio's: (i) market and competitive position within that market, (ii) cost and revenue structures, (iii) unique features, such as location, tenant base and physical features, (iv) management team and their compensation structure, (v) contingent liabilities (environmental, regulatory, accounting or otherwise), (vi) potential value-add and opportunistic enhancements, (vii) current and potential capital structure, and (viii) potential exit strategies.

In evaluating potential private debt investments, Silverfern conducts due diligence to analyze, among other things, (i) fundamental cash flow stability at underlying companies and assets, (ii) underwriting

credit from an equity risk perspective focusing on identifying risk factors throughout the loan term, and (iii) loan structuring and investment processes that seek to provide structural terms that maintain alignment with the borrower and protect the downside.

The investment strategies described above for each of the Managers involve a substantial degree of risk, and the Silverfern Investment Partnerships may lose all or a substantial portion of the value of their investments. Material risks relating to the investment strategies and methods of analysis described above include the following, each of which is described in more detail in the applicable Silverfern Investment Partnership's offering materials.

Risks of Investment

General. Prices of securities of the underlying company and/or asset in certain Silverfern Investment Partnerships can move erratically and be unpredictably affected by many diverse factors, including political and economic events but also rumors and sentiment. While presenting the opportunity for gains, investment in a Silverfern Investment Partnership involves a high degree of risk and is suitable only for investors that have no immediate need for liquidity of the amount invested and can withstand a loss of their entire investment in the Silverfern Investment Partnership. Past performance of investment entities associated with the principals or officers of the relevant Manager or their affiliates is not necessarily indicative of future results and provides no assurance of future success.

Dependence on Key Personnel. The success of the Silverfern Investment Partnerships will be highly dependent on the financial and managerial expertise of the principals of the relevant Manager and its affiliates. The loss of the services of one or more of the principals could have an adverse impact on the ability of the Silverfern Investment Partnerships to realize their investment objectives.

Business Risks. A Silverfern Investment Partnership's investment portfolio may consist primarily of interests in securities issued by privately held companies and real estate (including the debt of such companies or real estate) (each, a "Portfolio Investment" and, collectively, the "Portfolio Investments"), and operating results in a specified period will be difficult to predict. Each Silverfern Investment Partnership generally intends to make such investments alongside (including, in certain circumstances, indirectly through vehicles controlled by) one or more Investment Partners. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Non-Controlling Private Equity and Real Estate Investments. With respect to private equity and non-majority control real estate investments, the Silverfern Investment Partnerships generally intend to hold minority stakes in such Portfolio Investments alongside, or indirectly through vehicles controlled by, certain Investment Partners. In such instances, the Silverfern Investment Partnerships may have limited management and/or control rights with respect to the operation of such Portfolio Investments and may be entirely dependent on the decisions of the Investment Partner and/or other third-party investors. The Silverfern Investment Partnerships may also be subject to limited minority protection rights. In addition, during the process of exiting investments,

the Silverfern Investment Partnerships at times may hold minority equity stakes of any size such as might occur if Portfolio Investments were taken public. As is the case with minority holdings in general, such minority stakes that the Silverfern Investment Partnerships may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. In such investments, it may be more difficult for the Silverfern Investment Partnerships to liquidate their interests than it would be had the Silverfern Investment Partnerships owned a controlling interest in such Portfolio Investment or were otherwise granted control and/or management rights alongside any such Investment Partner and/or other third-party investors. Even if the Silverfern Investment Partnerships have contractual rights to seek liquidity of the Silverfern Investment Partnerships' minority interests in such Portfolio Investments, it may be very difficult to sell such interests or seek a sale of such Portfolio Investments upon terms acceptable to the Silverfern Investment Partnerships, especially in cases where the interests of the other investors in such Portfolio Investment have different business and investment objectives and goals. In cases where the Silverfern Investment Partnerships make investments indirectly through a vehicle controlled by an Investment Partner, the Silverfern Investment Partnerships may have limited rights with respect to the management of such vehicle, including the terms and conditions on which such vehicle exits any such investment. In certain instances, Investment Partners may be entitled to compensation with respect to the Silverfern Investment Partnerships' investments (e.g., acquisition fees or other fees), which compensation would be in addition to the management fee and the applicable General Partner's carried interest. This would result in a greater expense to the Silverfern Investment Partnerships than if the Silverfern Investment Partnerships were able to invest without such compensation having been paid. However, notwithstanding the foregoing, the Silverfern Investment Partnerships may hold a controlling stake in certain real estate investments, in which case, the Silverfern Investment Partnerships may have greater control over such Portfolio Investments.

Concentration of Investments. The Silverfern Investment Partnerships will participate in a limited number of investments, and may seek to make several investments in one industry or one industry segment or geographic region or within a short period of time. As a result, each Silverfern Investment Partnership's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry or geographic region may substantially affect its aggregate return.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing private equity, real estate and credit transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Silverfern Investment Partnerships will never be fully invested if enough sufficiently attractive investments are not identified. However, each Silverfern Investment Partnership will be required to bear other expenses as set forth in the applicable governing agreement of such Silverfern Investment Partnership. Additionally, investors in certain Silverfern Investment Partnerships will be required to bear management fees during the applicable investment period based on the entire amount of such investor's capital commitments to such Silverfern Investment Partnership.

Dynamic Investment Strategy. The Managers may pursue investments outside of the industries, sectors and geographies in which the principals have previously made investments or have internal experience.

Reliance on Key Personnel and Portfolio Investment Management Team. Control over the operation of each Silverfern Investment Partnership will be vested with the applicable General Partner, and such Silverfern Investment Partnership'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 Silverfern Investment Partnerships' ability to realize their investment objectives. In addition, the principals currently, and may in the future, manage other investment funds besides the Silverfern Investment Partnerships and the principals may need to devote substantial amounts of their time to the investment activities of such other vehicles, which may pose conflicts of interest in the allocation of the time of the principals. Investors (other than the applicable General Partner) generally have no right or power to take part in the management of any Silverfern Investment Partnership, and, as a result, the investment performance of each Silverfern Investment Partnership will depend on the actions of the applicable General Partner. In addition, certain changes in the applicable General Partner or circumstances relating to such General Partner may have an adverse effect on such Silverfern Investment Partnership or one or more of its Portfolio Investments including potential acceleration of debt facilities.

Although the applicable General Partner will monitor the performance of each investment of the Silverfern Investment Partnerships, it will primarily be the responsibility of each Portfolio Investment's management team to operate such Portfolio Investment on a day-to-day basis. Additionally, the Silverfern Investment Partnerships may have limited management or other control rights with respect to the operation of each Portfolio Investment where it invests alongside, or indirectly through, an Investment Partner or other third party investor. Although the Silverfern Investment Partnerships generally intend to invest in Portfolio Investments with strong management or recruit strong management to such Portfolio Investments, there can be no assurance that the management of such Portfolio Investments will be able or willing to successfully operate such investments in accordance with any Silverfern Investment Partnership's objectives or, in the event an Investment Partner or other third party controls such Portfolio Investment, that such person or entity will make decisions in accordance with any Silverfern Investment Partnership's objectives.

Reliance on Portfolio Company's Management Team. The management teams of the underlying portfolio companies and/or assets are responsible for managing their respective companies' day-to-day operations. There can be no assurance that the existing management team, or any successor, will be able to operate a portfolio company successfully in accordance with the relevant Manager's due diligence.

Economic Risk. The performance of a Silverfern Investment Partnership may be adversely affected by a downturn in the economies in which the underlying portfolio company and/or asset operates,

which is not under the control of the Silverfern Investment Partnership's general partner or the relevant Manager.

Foreign Investments. Silverfern Investment Partnerships based in one jurisdiction (i.e., the United States, the Cayman Islands or Luxembourg) may invest in Portfolio Investments that are organized or headquartered or have substantial sales or operations outside of its jurisdiction of organization. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the applicable Silverfern Investment Partnership), the application of complex tax rules to cross-border investments, possible imposition of foreign taxes on such Silverfern Investment Partnership and/or its Investors with respect to such Silverfern Investment Partnership's income, and possible foreign tax return filing requirements for such Silverfern Investment Partnership and/or its Investors.

Additional risks of foreign investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a foreign jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

Leveraged Nature of Investments. The underlying portfolio companies and/or assets in certain Silverfern Investment Partnerships may employ leverage. The leveraged capital structure of such companies may increase the exposure of the investment to any deterioration in the company's condition or industry, competitive pressures, adverse economic developments and rising interest rates.

Illiquidity. An investment in any Silverfern Investment Partnership should be viewed as an illiquid investment. 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. Furthermore, the expenses of operating each Silverfern Investment Partnership (including the management fee payable to the applicable Manager) may exceed its income, thereby requiring that the difference be paid from such Silverfern Investment Partnership's capital, including unfunded capital commitments.

Limited Transferability of Interests. There will be no public market for any Silverfern Investment Partnership's interests (other than a Silverfern Warehouse Product), and none is expected to develop. There are substantial restrictions upon the transferability of interests in each Silverfern Investment Partnership (other than any Silverfern Warehouse Product) under the applicable Governing Agreement and applicable securities laws. In general, withdrawals of interests in each Silverfern Investment Partnership are not permitted. In addition, interests in each Silverfern Investment Partnership are not redeemable.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for investments of the Silverfern Investment Partnerships in private equity, real estate and credit, and hence, most of the Silverfern Investment Partnerships' investments in private equity, real estate and credit will be difficult to value. Certain investments may be distributed in kind to the partners, members or other equityholders of the Silverfern Investment Partnerships (collectively, the "Investors") and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such Investors. After a distribution of securities is made to the Investors, many Investors may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such Investors may be lower than the value of such securities determined pursuant to the applicable Governing Agreement, including the value used to determine the amount of carried interest available to the applicable general partner or other control person of such Silverfern Investment Partnership with respect to such investment.

Legal, Tax and Regulatory Risks. An investment in a Silverfern Investment Partnership involves complex tax considerations that will differ for each investor. Prospective investors should consult their own tax advisors with specific reference to their own situations concerning a commitment in a Silverfern Investment Partnership, including amongst other considerations the possibility that the Silverfern Investment Partnership may generate taxable income to its investors in an amount greater than cash available for distribution. In addition, legal, tax and regulatory changes could occur during the term of the Silverfern Investment Partnership that may adversely affect the Silverfern Investment Partnership.

Market Conditions. The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities, interest rates, foreign exchange rates and economic conditions generally may reduce the availability of attractive investment opportunities for the Silverfern Investment Partnerships and may affect the Silverfern Investment Partnerships' ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates and/or foreign exchange rates) may also increase the risks inherent in the Silverfern Investment Partnerships' investments and could have a negative impact on the performance and/or valuation of the Portfolio Investments. The Silverfern Investment Partnerships' performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011. Movements in foreign exchange rates may adversely affect the value of investments in Portfolio Investments and the Silverfern Investment Partnerships' performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of Silverfern Investment Partnerships to sell and/or partially dispose of their Portfolio Investments. Such adverse effects may include the requirement of such Silverfern Investment Partnerships to pay break-up, termination or other fees and expenses in the event such Silverfern Investment Partnership are not able to consummate an investment (whether due to the lenders'

unwillingness to provide previously committed financing or otherwise) and/or the inability of such Silverfern Investment Partnership to dispose of investments at prices that the applicable General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Silverfern Investment Partnerships' ability to raise funding to support their investment objectives.

Valuation. There is not expected to be an actively traded market for most of the securities owned by the Silverfern Investment Partnerships. When estimating fair value, each General Partner will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may significantly differ from values that would have been determined had an active market existed for such securities and may significantly differ from the prices at which such securities ultimately may be sold. Silverfern has established a valuation policy, which it will follow when performing portfolio company valuations. Except in the case of certain Luxembourg entities in which Silverfern seeks third-party appraisals as and to the extent required by law, Silverfern does not intend to retain the services of a third-party valuation consultant to assist in performing portfolio company valuations. There is a risk in that the valuations of Silverfern are performed internally by its own team and such valuations are not reviewed by an independent third party; however, all valuations are subject to a quarterly review as well as an annual review as part of each Silverfern Investment Partnership's annual financial statement audit. The exercise of discretion in valuation by Silverfern may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of Management Fees.

Non-Controlling Investments. A Silverfern Investment Partnership will typically hold less than 50% of the outstanding voting interests of a portfolio company and/or asset, or may hold investments in debt instruments or other securities that do not entitle the Silverfern Investment Partnership to voting rights, and, therefore, the Silverfern Investment Partnership may have a limited ability to protect its investment in such portfolio company.

Risks Associated with Publicly Traded Securities. A Silverfern Investment Partnership may invest in publicly-traded securities, and may hold publicly-traded securities following a partial exit from an investment. Investments in securities of publicly-traded companies may be sensitive to movements in the stock market and trends in the overall economy.

Impact of Government Regulation, Reimbursement and Reform. Certain industry segments in which the Silverfern Investment Partnerships may invest are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While the Silverfern Investment Partnerships intend to invest in Portfolio Investments that seek to comply with applicable laws and regulations, the laws and regulations

relating to certain industries are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the Portfolio Investments in which the Silverfern Investment Partnerships invest.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses or assets, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Silverfern Investment Partnerships and their Portfolio Investments to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses and/or assets. This may slow the rate of future investments by the Silverfern Investment Partnerships and result in longer holding periods for investments.

Projections. Projected operating results of a company in which a Silverfern Investment Partnership invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by Silverfern in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

Uncertainty Regarding Investments. Although the relevant Manager makes every effort to conduct appropriate due diligence prior to making an investment, the due diligence process may involve subjective judgments at times, may be required to be undertaken on an expedited basis in order to take advantage of available investment opportunities and may require the relevant Manager to rely on limited resources available to it including information provided by the target of the investment and third party consultants, legal advisers, accountants and investment banks. As a result, the due diligence investigation may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating an investment opportunity.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity, real estate and credit and lending industries. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Silverfern Investment Partnership's activities,

including the ability of each Silverfern Investment Partnership to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of investment firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms and real estate firms, contributed to the downturn in the U.S. and global financial markets beginning in 2007-08, may complicate or prevent the Silverfern Investment Partnerships' efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative investment management space. As a result, the Silverfern Investment Partnerships may invest in fewer investments or incur greater expenses or delays in completing or exiting investments than they otherwise would have.

Additionally, the U.S. Congress has considered proposed legislation that would treat certain income allocations to service providers by investment vehicles such as the Silverfern Investment Partnerships (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of such investment vehicle's income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation, whether during or after the initial closing of any Silverfern Investment Partnership, could adversely affect the ability of the principals, employees or other individuals associated with such Silverfern Investment Partnerships, the applicable Manager or the applicable General Partners who were or may in the future be granted direct or indirect interests in such applicable General Partners, to benefit from carried interest taxed at lower rates. This may reduce such persons' after-tax returns from a Silverfern Investment Partnership and the applicable General Partner, which could make it more difficult for such General Partner and its affiliates to incentivize, attract and retain individuals to perform services for such Silverfern Investment Partnership. These same issues may also apply to officers, directors and employees of such Silverfern Investment Partnership's Portfolio Investments if such persons receive a profits interest in such investments.

Limitation of Recourse and Indemnification. The Governing Agreements will limit the circumstances under which the applicable General Partner and its affiliates will be held liable to the Silverfern Investment Partnerships. As a result, Investors may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Governing Agreements will provide that each Silverfern Investment Partnership will indemnify the applicable General Partner and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of such Silverfern Investment Partnership. Such indemnification obligations could materially impact the returns to the Investors.

Hedging Arrangements. The applicable General Partner may (but is not obligated to) endeavor to manage the applicable Silverfern Investment Partnership's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A

Silverfern Investment Partnership may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter (“OTC”) contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject a Silverfern Investment Partnership to the risk of a counterparty’s inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose such Silverfern Investment Partnership to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for the applicable General Partner and/or one or more of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission or other regulator or comply with an applicable exemption.

General Risks Associated with Joint Ventures. The relevant Manager may cause the Silverfern Investment Partnerships to effect transactions through or in connection with programmatic or other types of joint ventures. Investments made as a co-venturer with a real estate firm which is involved in one or more aspects of the real estate industry, including investing in, sourcing and/or consulting with respect to, originating mortgages or other financings with respect to, acquiring, owning, managing, leasing, operating and/or developing real estate assets, and/or with other unaffiliated investors, involve risks not inherent in other types of investment vehicles. For example, such arrangements may involve the applicable Silverfern Investment Partnership taking on greater risk with a greater expected return, or reducing risk with a corresponding reduction in the expected rates of return. Such third-party involvement may also negatively impact the returns of investments through such arrangements if, for example, a third-party co-venturer has financial difficulties (including the possibility that such persons might become bankrupt), have economic or business interests or goals inconsistent with those of the applicable Silverfern Investment Partnership or otherwise be in a position to take (or block) actions in a manner contrary to the relevant Manager’s and the applicable Silverfern Investment Partnership’s desires, policies or objectives. Further, actions taken by such persons might subject investments, and/or the entities through which such investments are made, to liabilities in excess of, or other than, those initially contemplated. The applicable Silverfern Investment Partnership may also be liable for actions of its co-venturers. It may also be more difficult for the applicable Silverfern Investment Partnership to sell its respective interests in such joint ventures than to sell interests in other types of investments. Finally, deadlocks could adversely affect investment returns or values, or require the applicable Silverfern Investment Partnership to use its assets to purchase the interests of its co-venturers or under agreements providing for the forced sale of such interests.

Multiple Layers of Fees and Expenses. The relevant Manager expects to cause the Silverfern Investment Partnerships to effect transactions through joint ventures or other structures, which are expected to subject the applicable Silverfern Investment Partnership to multiple layers of fees and expenses more typical to “fund-of-funds” investment structures. Such fees and expenses may include the payment of fees or other incentive-based compensation (such as a carried interest component and/or a “promote”) to an Investment Partner or other investor, the payment of management (or similar fees) to an Investment Partner or other investor and/or sharing in the general expenses and/or liabilities of each such investment vehicle. Such expenses and liabilities reduce the capital available for investment and/or may require the return of proceeds previously distributed.

Leveraged Investments. Each Silverfern Investment Partnership may make use of leverage by incurring debt to finance all or any portion of its investment in a given Portfolio Investment; in addition, Portfolio Investments in which the Silverfern Investment Partnerships invest may incur leverage to finance the acquisition or operation of an investment. Leverage generally magnifies both such Silverfern Investment Partnership’s opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by any Silverfern Investment Partnership will also result in interest expense and other costs to such Silverfern Investment Partnership that may not be covered by distributions made to such Silverfern Investment Partnership or appreciation of its investments. The use of leverage may also impose restrictive financial and operating covenants on a Portfolio Investment, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of Portfolio Investments will increase the exposure of the Silverfern Investment Partnerships’ investments to any deterioration in a Portfolio Investment’s condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Silverfern Investment Partnerships’ investments in leveraged Portfolio Investments in a down market. In the event any Portfolio Investment cannot generate adequate cash flow to meet its debt service, the Silverfern Investment Partnerships may suffer a partial or total loss of capital invested in the Portfolio Investment, which could adversely affect the returns of the Silverfern Investment Partnerships. Furthermore, should the credit markets be limited or costly at the time any Silverfern Investment Partnership determines that it is desirable to sell all or a part of a Portfolio Investment, such Silverfern Investment Partnership may not achieve an exit multiple, capitalization rate or valuation consistent with its forecasts. Moreover, the Portfolio Investments in which the Silverfern Investment Partnerships will invest may not be rated by a credit rating agency. Each Silverfern Investment Partnership may also borrow money or guaranty indebtedness (such as a guaranty of a Portfolio Investment’s debt or a pledge of its securities in the Portfolio Investment). Each Silverfern Investment Partnership may incur leverage on a joint and several basis with one or more other investment funds and other entities managed by the Managers or any of their respective affiliates (including the Silverfern Investment Partnerships) and may have a right of contribution, subrogation or reimbursement from or against such entities.

In addition, to the extent any Silverfern Investment Partnership incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by such Silverfern Investment Partnership's investors and such investors' contributions may be required to be made directly to the lenders instead of such Silverfern Investment Partnership.

Role of Real Estate Professionals. The success of certain Managers' real estate strategies will depend in part upon the skill and management expertise of Investment Partners' and other persons' respective real estate professionals. The interests of these professionals in an investment should tend to discourage them from withdrawing from participation therein. However, there is ever increasing competition among alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants for hiring and retaining qualified investment professionals and there can be no assurance that such professionals will continue to be associated with the applicable investment or that replacements will perform well. In many cases, the relevant Manager or an affiliate expects to compensate real estate consultants and other real estate professionals in order to attract and retain such expertise, and such compensation (in various forms, together with expense reimbursement, equity or profits interests, benefits or other amounts) in many cases will be borne by the relevant Silverfern Investment Partnership(s). Further, conflicts of interest may arise in allocating management time, services or functions.

Real Estate Risks Generally. The Silverfern Investment Partnerships' investments may be subject to all the risks inherent in the ownership and operation of real estate and real estate-related businesses and investments, which risks may be increased if the investments are leveraged. Deterioration of real estate fundamentals generally, and in the regions in which the Silverfern Investment Partnerships' investment strategy is focused, may negatively impact the performance of the Silverfern Investment Partnerships' investments and the Silverfern Investment Partnerships as a whole. These risks include, but are not limited to: those associated with the burdens of ownership of real property; general and local economic conditions; neighborhood values; the supply of and demand for properties of the types in which the Silverfern Investment Partnerships may directly or indirectly invest; casualty or condemnation losses; decreases in property values; the financial resources of tenants; changes in the appeal of properties to tenants; vandalism; vacancies; rent strikes; terrorism, war, natural disasters and acts of God; various uninsurable risks; changes in tax, zoning, building, environmental and other applicable laws; national and local rent control laws; existing and changes to real property tax rates and operating expenses; energy and supply shortages; changes in availability of debt financing, interest rates and/or other mortgage funds, each of which may render the acquisition, sale or refinancing of properties difficult or unattractive; environmental liabilities; contingent liabilities on disposition of assets; and other factors that are beyond the control of the Managers, the General Partners and their respective affiliates. Such risks may also cause fluctuations in occupancy rates, rent schedules and operating expenses, which could adversely affect the value of real estate and real estate-related investments. There can be no assurance of profitable operations for any property in which the Silverfern Investment Partnerships may directly or indirectly invest or the repayment of any debt investments. Accordingly, the Silverfern Investment Partnerships' investment objectives may not be realized. Certain expenditures associated with real estate equity

investments, such as property taxes, utility costs, debt service, maintenance costs and insurance, tend to increase and are not generally decreased by events adversely affecting rental revenues. Thus, the cost of operating a property may exceed the rental income thereof, and the Silverfern Investment Partnerships may be required to (a) advance funds to protect an equity investment or forego the payment of interest on debt investments or (b) dispose of investments on disadvantageous terms to raise needed funds. Moreover, while insurance may be purchased to cover casualty losses and general liability, such insurance may not be available or may be available only at prohibitive costs to cover losses from ongoing operations and other risks such as earthquake, flood, environmental contamination or terrorism.

Highly Competitive Market for Investment Opportunities; Operators and Other Partners. The activity of identifying, completing and realizing attractive real estate investments is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions and the risks described above with respect to real estate investments generally. In particular, in light of changes in such conditions, including changes in long-term interest rates, certain types of investments may not be available on terms that are attractive. The Silverfern Investment Partnerships (or their respective affiliates or co-venturers, as applicable) may be competing for investments with other real estate investment vehicles, as well as individuals, publicly traded real estate investment trusts as defined in the Code ("REITs"), financial institutions (such as mortgage banks and pension funds), hedge funds and other institutional investors. The Silverfern Investment Partnerships (or their respective affiliates or co-venturers, as applicable) may also compete with a large number of property owners and developers, some of which may be willing to accept lower returns on their investments. Further, over the past several years, many real estate investment funds and publicly traded REITs have been formed and others have been consolidated (and many such existing funds have grown in size) for the purpose of investing in real estate assets. Additional real estate funds and REITs with similar investment objectives may be formed in the future by other unrelated parties and further consolidations may occur (resulting in larger funds and vehicles). In addition, the Silverfern Investment Partnerships' investment strategy may depend on the ability to enter into satisfactory relationships with joint venture partners or local operating partners from time to time, whose compensation (in various forms, together with expense reimbursement, equity or profits interests, benefits or other amounts) in many cases will be borne by the relevant Silverfern Investment Partnership(s). There can be no assurance that any relationship with such persons will be able to be established in the future as desired with respect to any investment or on favorable terms. Competition for investment opportunities may also have the effect of increasing costs, thereby reducing investment returns to the Silverfern Investment Partnerships, and their respective investors.

Risks of Acquiring Real Estate Property. The Silverfern Investment Partnerships' investment strategy may be based, in part, on the acquisition and management of investments in real property, which will subject the Silverfern Investment Partnerships to certain risks inherent in acquiring real estate property which may cause fluctuations in occupancy, rental rates, operating income and expenses or which may render the sale or financing of properties difficult or unattractive. For example,

following the termination or expiration of a tenant's lease there may be a period of time before the applicable Silverfern Investment Partnership will begin receiving rental payments under a replacement lease. During that period, such Silverfern Investment Partnership may continue to bear fixed expenses such as interest, real estate taxes, maintenance and other operating expenses. In addition, declining economic conditions may impair the Silverfern Investment Partnership's ability to attract replacement tenants and achieve rental rates equal to or greater than the rents paid under previous leases. Increased competition for tenants may require certain Silverfern Investment Partnerships to make capital improvements to properties which would not have otherwise been planned. Any unbudgeted capital improvements that Silverfern Investment Partnerships undertake may divert cash that would otherwise be available for distribution to their respective direct and/or indirect investors (including the Silverfern Investment Partnerships). Ultimately, to the extent that the General Partners (or any affiliate or co-venturer, as applicable) are unable to renew leases or re-let space as leases expire, decreased cash flow from tenants will result, which could adversely impact operating results.

The Silverfern Investment Partnerships' investment strategy may require the expenditure of funds to correct defects or to make improvements before an investment in a property can be sold. No assurance can be given that there will be funds available to correct those defects or to make those improvements. In acquiring a property, the applicable Silverfern Investment Partnership may agree to lock-out provisions that materially restrict it from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed on that property. These factors and others that could impede the ability to respond to adverse changes in the performance of properties and could significantly affect financial conditions and operating results. In some instances, the principal asset of the lessee of a property may be only the tenant's improvements thereon, or the liability of the lessee may be limited to its interest in such improvements. In those cases, the applicable Silverfern Investment Partnership will be required to rely on the lessee's equity interest in the improvements for its security. In the event of a default by a lessee or other premature termination of a lease, a Silverfern Investment Partnership may experience delays in enforcing its rights as lessor, may incur substantial costs in protecting its investment and may experience an impairment of value. In addition, adverse changes in the operation of any property, or the financial condition of any tenant, could have an adverse effect on a Silverfern Investment Partnership's ability to collect rent payments and, accordingly, on its ability to make distributions to direct and/or indirect investors (including the Silverfern Investment Partnerships). A tenant may experience, from time to time, a downturn in its business which may weaken its financial condition and result in its failure to make rental payments when due. At any time, a tenant may seek the protection of applicable bankruptcy or insolvency laws, which could result in the rejection and termination of such tenant's lease or other adverse consequences and thereby cause a reduction in distributable cash flow.

Investments in Land, New Development, Newly Completed Properties and Properties Under Construction. The Silverfern Investment Partnerships' investment strategy may include investments in land intended to be developed and in properties under development. Purchase of property prior to completion of

development and construction, or making loans relating to properties under development, is subject to greater risks than purchasing or loaning funds to properties with operating histories. In connection with the purchase of, or loans with respect to, properties under development and construction, the Silverfern Investment Partnerships (or their respective affiliates or co-venturers, as applicable) may be subject to certain risks, including the risks of unanticipated delays in, or increases in the cost of, development and construction as a result of factors beyond the control of the Managers and/or the General Partners. These factors may include, without limitation, strikes, adverse weather, material shortages, building restrictions, clearances, environmental impact studies, availability and timely receipt of zoning and other environmental and regulatory approvals, availability of both construction and permanent financing, solvency of the contractor or subcontractors and increases in the cost of labor and materials. In addition, the contractor may not be able to build in conformity with plans and specifications, and the property may not be rented for the amounts or within the time projected. Additional risks may be incurred where the applicable Silverfern Investment Partnership makes periodic progress payments or other advances to contractors prior to completion. Such Silverfern Investment Partnership may be unable to recover such payments subsequent to any such contractor's default. Such factors can result in increased costs, delay in completion, loss of anticipated rental revenues and corresponding depletion of working capital and reserves or loss of investment. Furthermore, the price paid for a property upon which improvements are to be constructed or completed must of necessity be based upon projections of rental income and expenses or fair market value of the property upon completion of construction. Whether the property will operate at such projected income and expense levels or achieve such projected fair market value cannot be determined in most cases until after completion of construction and a number of months of actual operation.

Further, properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced. Moreover, investments in new development activities could be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud with respect to any asset or company in which a Silverfern Investment Partnership invests, a partial or total loss of capital invested may be suffered. There can be no assurance that any such losses will be offset by gains (if any) realized on other investments.

Investments in Multifamily Properties. The Silverfern Investment Partnerships' investment strategy may include investments in multifamily residential properties. A large number of risk factors may affect the value and successful operation of such properties, including, without limitation: physical attributes of the property such as its age, condition, design, appearance, access to transportation and construction quality; location of the property; ability of management to provide adequate maintenance and insurance; the types of services or amenities that the property provides; the property's reputation; the level of mortgage interest rates and availability of government incentives, which may encourage tenants to purchase rather than lease housing; presence of competing

properties; the tenant mix; adverse local or national economic conditions, which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels; national and local regulations, which may affect the building owner's ability to increase rent to the level of market rents for an equivalent apartment; government assistance/rent subsidy programs; and the inventory of unsold units in the local market that are being rented until economic conditions in the market improve. If any of such risk factors are heightened or the conditions associated with such risk factors deteriorate, investments in multifamily properties may incur losses. Further, certain jurisdictions regulate the relationship between an owner and its tenants. Commonly, these laws require a written lease, good cause for eviction, disclosure of fees and notification to residents of changed land use, while prohibiting unreasonable rules and retaliatory evictions. In addition to any national and local regulation of the landlord-tenant relationship, some local jurisdictions and/or municipalities impose rent control on apartment buildings. These ordinances may limit rent increases to fixed percentages, to percentages of increases in the consumer price index, to increases set or approved by a governmental agency or to increases determined through mediation or binding arbitration.

Investments in Office Properties. A Manager may cause one or more Silverfern Investment Partnerships to make direct and/or indirect investments in office properties. There are a large number of risk factors associated with investments in office properties, including, without limitation: the impact of general economic conditions on the local market and the building's tenants; the quality of an office building's tenants; an economic decline in the business operated by the tenants; the physical attributes of the building in relation to competing buildings (*e.g.*, age, condition, design, appearance, location, access to transportation and ability to offer certain amenities, such as sophisticated building systems and/or business wiring requirements); the physical attributes of the building with respect to the technological needs of the tenants, including the adaptability of the building to changes in the technological needs of the tenants; the diversity of an office building's tenants (or reliance on a single or dominant tenant); the availability of sublease space; the desirability of the area as a business location; the strength, nature and unemployment rates of the local economy, including labor costs and quality, tax environment and quality of life for employees; and an adverse change in population, patterns of telecommuting or sharing of office space and employment growth (which creates demand for office space). To the extent any of such risk factors are heightened or the conditions associated with such risk factors deteriorate, investments in office properties may incur losses.

Investments in Retail Properties. The Silverfern Investment Partnerships' investment strategy may include investments in retail properties. The value and successful operation of a retail property is sensitive to a number of risk factors, including, without limitation: changes in consumer spending patterns; local competitive conditions (such as the supply of retail space or the existence or construction of new competitive shopping centers, shopping malls or other retail spaces, including, for example, competition between regional malls and local shopping centers and changing consumer preferences for upscale outlet malls, big-box discount stores and price clubs); the bankruptcy or distress of tenants; the availability of sublease space; alternative forms of retailing (such as direct mail, video shopping networks and internet web sites, which reduce the need for retail space by

retail companies); the safety, convenience and attractiveness of the property to tenants and their customers or clients; the public perception of the safety of customers at shopping malls, shopping centers or other retail spaces; the need to make major repairs or improvements to satisfy the needs of major tenants; traffic patterns and access to major thoroughfares; and unemployment rates in the local economy. The general strength of retail sales also directly affects retail properties. If retail sales by tenants in such properties were to decline, the rents that are based on a percentage of revenues may also decline, and tenants may be unable to pay the fixed portion of their rents or other occupancy costs. The cessation of business by or bankruptcy of a significant tenant can have a material adverse effect on a retail property, not only because of rent and other factors specific to such tenant, but also because significant tenants at a retail property play an important part in generating customer traffic and making a retail property a desirable location for other tenants at such property.

Investments in Industrial Properties. A Manager may cause one or more Silverfern Investment Partnerships to make direct and/or indirect investments in industrial properties. Significant factors determining the value of industrial properties include, without limitation: the location of the property (including proximity to supply sources and customers and accessibility to rail lines, major roadways and other distribution channels and transportation routes); the quality of tenants; a reduced demand for industrial space because of a decline in a particular industry segment, property becoming functionally obsolete, building design and adaptability, scarcity of labor sources, changes in access, energy prices, strikes, relocation of highways, the construction of additional highways or other factors; changes in proximity of supply sources; the expenses of converting a previously adapted space to general use; and the location of the property. Concerns about the quality of tenants, particularly major tenants, are similar in both office properties (as discussed above) and industrial properties, although industrial properties may more frequently be dependent on a single or a few tenants. A particular industrial or warehouse property that suited the needs of its original tenant may be difficult to re-let to another tenant or may become functionally obsolete relative to newer properties. Also, properties used for many industrial purposes are more prone to environmental concerns than other property types. Further, because of unique construction requirements of many industrial properties, many vacant industrial property spaces may not be easily converted to other uses. Thus, if the operation of an industrial property becomes unprofitable due to competition, age of the improvements or other factors, the liquidation value of that industrial property may be substantially less than would be the case if the property were readily adaptable to other uses.

Investments in Hospitality Properties. A Manager may cause one or more Silverfern Investment Partnerships to make direct and/or indirect investments in hospitality properties. Negative publicity regarding luxury or other hotels and decreases in airline capacity could reduce demand for hotel rooms in such investments and, in turn, further depress revenue per available room to such properties. The reduction of room rates or offering of comparable incentives (including free nights) by upscale/luxury hotels could further exert downward pressure on demand for, and room rates, of mid-scale hotel properties.

Hospitality properties are subject to certain operating risks, including, without limitation, reductions of occupancy or room rates, increases in real estate and other tax rates, wages and benefits, utility costs, insurance costs, repairs and maintenance and administrative expenses, all of which may adversely affect such property's cash flows. In addition, more so than other property types, hospitality properties are saddled with an ongoing obligation to make renovations and other capital improvements in order to stay competitive, including replacements, from time to time, of furniture, fixtures and equipment, particularly if the hotel is a branded hotel. This obligation is subject to the risks that cash flow from operations and reserves may be inadequate to fund capital improvements, financing for these capital improvements may not be available to such properties on affordable terms and market demand for hotel properties following the undertaking or completion of capital improvements will not exist or will continue to be diminished until the economy recovers. Consequently, the costs of these capital improvements could negatively impact the financial condition of investments.

Certain hotels that may be acquired may be managed by third-party hotel management companies pursuant to management agreements (or, with respect to certain hotels, a lease for the entire hotel property which contains terms similar to traditional hotel management agreements). Under the terms of these management agreements, the third-party hotel managers may control the daily operations of the hotels and may be compensated with a base management fee tied to revenues generated from operations and/or an incentive management fee based on achieving specific performance thresholds. Accordingly, the hotel's business and operating results depend in large part upon the performance of these hotel management companies under their management agreements. There is no guarantee that the third party management company (or operating lessee) for any given hotel property will meet the performance objectives desired. In addition, hotel properties may not readily be converted to alternative uses if they were to become unprofitable due to competition, age of improvements, decreased demand or other factors. Moreover, the conversion of a hotel to alternative uses would generally require substantial capital expenditures. Finally, hotel properties face the risk that legislation under consideration by federal and state governments may effect changes in the negotiations of collective bargaining agreements and introduce related labor concessions that could negatively impact the ability of hotel properties to meet revenue projections.

Availability of Insurance Against Certain Catastrophic Losses. With respect to properties acquired in connection with Silverfern Investment Partnership activities, liability, fire, flood, extended coverage and rental loss insurance with insured limits and policy specifications that are believed to be customary for similar properties may or may not be maintained. Further, certain losses of a catastrophic nature, such as wars, natural disasters, 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. In general, losses related to terrorism are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a property. As a result, not all investments may be insured against terrorism, or adequately

insured at all. If a major uninsured loss occurs, both invested capital in and anticipated profits from the affected investments may be lost.

Environmental Liabilities. The Silverfern Investment Partnerships may be exposed to substantial risk of loss from environmental claims arising from investments involving undisclosed or unknown environmental, health or occupational safety matters, or problems with inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. Under various U.S. federal and local and non-U.S. laws, ordinances and regulations, an owner 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 may impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability may also be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefor 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. 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 returns 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 certain Silverfern Investment Partnerships (and/or direct and/or indirect investors therein) to such liabilities. In addition, even in cases where indemnification by the seller with respect to an investment exists against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability to achieve enforcement of such indemnities.

Real Estate Market Conditions; Lack of Flexibility. The Silverfern Investment Partnerships' investment strategy may be based, in part, on the premise that real estate assets will be available for purchase at prices considered favorable. Further, the Silverfern Investment Partnerships' investment strategy may rely in part upon favorable market conditions for timely and favorable dispositions of real estate assets. Generally, real estate assets are highly illiquid, and are generally difficult to acquire or sell quickly. As a result, the Silverfern Investment Partnerships may have limited flexibility to vary investments promptly in response to changes in economic or other conditions. Further, no assurance can be given that real estate assets can be acquired at favorable prices or that the market for such assets will not deteriorate, since this will depend largely on events and factors outside the control of the Managers and the General Partners.

Certain Restrictions on Disposal of Assets and/or Reduction in Debt. In connection with investments, one or more investments may not be permitted to be disposed of and/or have the debt associated with it paid down at a time when such action(s) might otherwise be desirable without incurring additional costs. In addition, when disposing of or selling assets, the sales proceeds may not be able to be reinvested or, if reinvested, earn similar returns. As part of an acquisition of a property, or a

portfolio of properties, the applicable Silverfern Investment Partnership and/or other investors may agree not to dispose of the acquired properties or reduce the mortgage indebtedness for a long-term period, unless it pays certain of the resulting tax costs of the applicable seller. These agreements could result in holding properties that could otherwise be sold or with respect to which indebtedness could other be paid down or refinanced.

Debt Market Conditions Generally. Prevailing conditions in U.S. debt markets, as observed in recent years, may adversely affect acquisition and disposition activities related to investments because it may affect the ability, or the ability of a prospective purchaser of assets, to obtain financing on favorable terms, or at all. In addition, the condition of the U.S. debt markets may heighten the risks associated with such debt financing, including the risk of borrower default.

Existing Leverage; Risks of Refinancing; Bridge Financings. As noted under the heading “*Leverage; Granting of Security Interests*” above, certain investments rely, in part, on leverage and the ability to finance and/or refinance investments. Specifically, such strategy relies in part on both secured and unsecured, variable rate and non-variable rate debt to finance acquisitions and development activities and for working capital. If debt financing is unable to be obtained, or existing indebtedness is unable to be refinanced upon maturity, financial conditions and results of operations would likely be adversely affected. In addition, the cost of existing debt may increase, especially in the case of a rising interest rate environment, and refinancing existing debt in sufficient amounts or on acceptable terms may not be practicable. In addition, certain acquisitions, redevelopments and/or developments may be financed using the proceeds of lines of credit or other forms of temporary secured or unsecured financing that may have less advantageous terms than permanent debt financings. Use of these forms of financing may be subject to the risk that permanent financing for these projects might not be available or would be available only on disadvantageous terms. If permanent debt financing is not available on acceptable terms to refinance projects undertaken without permanent financing, further acquisitions may be curtailed and cash flows may be adversely affected.

Certain Restrictive Covenants in Debt Instruments. Certain restrictive covenants in debt instruments could adversely affect financial conditions and acquisitions and development activities in connection with certain investments. The mortgages on investment properties may contain customary covenants, such as those that limit the ability, without the prior consent of the applicable lender, to further mortgage the applicable property or to discontinue insurance coverage. Unsecured indebtedness and debt that may be obtained may contain customary restrictions, requirements and other limitations on the ability to incur indebtedness, including covenants that limit the ability to incur debt based upon the level of the ratio of total debt to total assets, the ratio of secured debt to total assets, the ratio of EBITDA to interest expense, and fixed charges, and that require the maintenance of a certain level of unencumbered assets to unsecured debt. The ability to borrow is subject to compliance with these and other covenants. In addition, failure to comply with covenants could cause a default under the applicable debt instrument, which may require the repayment of such debt with capital from other sources or require giving possession of a secured property to the applicable lender. Under those

circumstances, other sources of capital may not be available, or may be available only on unattractive terms.

Risk of Distressed Mortgage Loans. Certain investments may include direct and/or indirect purchases of sub-performing and non-performing mortgage loans, as well as mortgage loans that have had a history of delinquencies or defaults. These mortgage loans may be in default or may have a greater than normal risk of future defaults, delinquencies, bankruptcies or fraud losses, as compared to a pool of newly originated, high-quality loans of comparable type, size and geographic concentration. Returns on an investment of this type depend on the borrower's ability to make required payments and, in the event of default, the ability to foreclose and liquidate the mortgage loan. Foreclosures can be lengthy and expensive and borrowers often assert claims, counterclaims and defenses to delay or prevent foreclosure actions. At any time during the proceedings, the borrower may file for bankruptcy, which would have the effect of staying the foreclosure action and further delaying the process, and materially increasing the expense thereof, which expenses may or may not be recoverable. In addition, "antideficiency" and related laws in certain states and countries limit recourse and remedies available against borrowers in connection with or as a result of foreclosure proceedings or other enforcement actions taken with respect to such borrowers. Such laws can result in the loss of liens on collateral or personal recourse against a borrower altogether.

Investment in Troubled Assets. Certain investments may include investments in non-performing or other troubled assets that involve a degree of financial risk, and there can be no assurance that any internal rate of return objectives will be realized or that there will be any return of capital in connection with such investments. Furthermore, investments in properties operating in workout modes or under Chapter 11 of the U.S. Bankruptcy Code may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of an investor's original investment, including equitable subordination and/or disallowance of claims or lender liability. In addition, under certain circumstances, payments to the applicable Silverfern Investment Partnership and distributions by the applicable Silverfern Investment Partnership to its investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment under applicable law.

Material Non-Public Information. As a result of the operations of Silverfern and its affiliates, Silverfern frequently comes into possession of confidential or material, non-public information. Therefore, Silverfern and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by the Silverfern Investment Partnerships. Consequently, the Silverfern Investment Partnerships may be restricted from initiating or consummating an investment or divesting an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Silverfern's internal policies. Due to these restrictions, the Silverfern Investment Partnerships may not be able to make investments that they otherwise might have made or divest investments that they otherwise might have divested.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted: (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the relevant Silverfern Investment Partnership, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at a Manager or one of its service providers holding its financial or investor data, a Manager, its affiliates or the Silverfern Investment Partnerships may also be at risk of loss, despite efforts to prevent and mitigate such risks.

Conflicts of Interest

Silverfern and its affiliates engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Silverfern Investment Partnerships, and providing transaction-related, legal, management and other services to Silverfern Investment Partnerships and portfolio companies. Silverfern will devote such time, personnel and internal resources as it considers necessary to conduct the business affairs of the Silverfern Investment Partnerships in an appropriate manner, as required by the relevant Governing Document, although the Silverfern Investment Partnerships and their respective investments will place varying levels of demand on these over time. In the ordinary course of Silverfern conducting its activities, the interests of a Silverfern Investment Partnership may conflict with the interests of Silverfern, one or more other Silverfern Investment Partnerships, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein.

Silverfern principals currently manage, and expect in the future to manage, several Silverfern Investment Partnerships that have other investments similar to those in which a Silverfern Investment Partnership will be investing, and may direct certain relevant investment opportunities to those investments. Silverfern's principals and Silverfern's investment staff will continue to manage and monitor such investments until their realization. Such other investments that Silverfern principals may control or manage may potentially compete with companies acquired by a Silverfern Investment Partnership. Following the commitment period of a Silverfern Investment Partnership, Silverfern principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Silverfern Investment Partnership's investments.

From time to time, Silverfern will be presented with investment opportunities that would be suitable not only for a Silverfern Investment Partnership, but also for other Silverfern Investment Partnerships and other investment vehicles operated by advisory affiliates of Silverfern. In determining which investment vehicles should participate in such investment opportunities,

Silverfern and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one client of Silverfern in a portfolio company may also raise the risk of using assets of a client of Silverfern to support positions taken by other clients of Silverfern.

Silverfern's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While Silverfern will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Silverfern Investment Partnership's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Silverfern may be subject, discussed herein, did not exist.

For example, Silverfern and its affiliates will sponsor, manage or advise the Silverfern Investment Partnerships, which may be U.S. domiciled or non-U.S. (including, without limitation, the Cayman Islands and Luxembourg) pooled investment funds (or single investor vehicles) with overlapping investment objectives with those of any other Silverfern Investment Partnership. In particular, Silverfern intends to form (i) private investment funds to operate as separately managed accounts (each an "SMA"), (ii) certain separately managed account investment vehicles other than the SMAs (each, an "Alternatives Partnership"), (iii) certain fixed income investment vehicles managed or controlled by a Manager (each, a "Silverfern Warehouse Product"), (iv) certain commingled investment vehicles formed for a specific Portfolio Investment (each, a "DBD Partnership") and (v) certain commingled, blind-pool, committed investment vehicles formed for the purpose of investing in certain debt investments (each, a "Debt Fund").

Subject to certain investment limitations applicable to certain SMAs, each SMA that is formed is expected to invest a fixed amount in a pre-specified number of investments alongside the other Silverfern Investment Partnerships. Subject to certain investment limitations applicable to certain Alternatives Partnerships, each Alternatives Partnership is expected to invest a pre-specified amount per year for a pre-specified number of years (divided into a pre-specified amount per investment each year) during the relevant investment period in future Portfolio Investments alongside the other Silverfern Investment Partnerships. Each Silverfern Warehouse Product that is formed is expected to issue debt to certain investors and is expected to invest such borrowed money in investments alongside the other Silverfern Investment Partnerships. Following the formation and initial closing of any Debt Fund, such Debt Fund is expected to invest in each debt investment alongside the other Silverfern Investment Partnerships. Each investment opportunity is expected to be allocated initially among the Silverfern Investment Partnerships as follows: (i) first, each Portfolio Investment is intended to initially be allocated, to the extent of available capital, pro-rata among the participating blind-pool, committed investment vehicles of Silverfern (each an "Investment Vehicle" and collectively, the "Investment Vehicles") based on the proportionate share of unfunded capital

commitments available with respect to such investment as of the time of such investment for each of the participating Investment Vehicles; (ii) second, in the event an investment has not been fully and irrevocably committed after the application of clause (i), to the Alternatives Partnerships and the Silverfern Warehouse Products based on each such person's requested amount for co-investment; (iii) third, in the event an investment has not been fully and irrevocably committed after the application of clauses (i) and (ii), to the SMAs, a commingled, blind-pool, committed investment fund formed and/or managed by a Manager and, in the event of a debt investment, to the Debt Funds based on each such person's requested amounts for co-investment; (iv) fourth, in the event an investment has not been fully and irrevocably committed after the application of clauses (i) through (iii), to the DBD Partnerships; and (v) to the extent an investment has not been fully and irrevocably committed after the application of clauses (i) through (iv), to one or more third parties (including, without limitation, the applicable General Partner or its affiliates in the sole discretion of such General Partner.

These activities have the potential to create conflicts of interest in that the time and effort of the members of Silverfern, its affiliates and their respective officers and employees will not be devoted exclusively to the business of any particular Silverfern Investment Partnership, but will be allocated between each of the business of the Silverfern Investment Partnerships and management of the monies of other Silverfern advisees. In addition, the terms and conditions of an investment through one Silverfern Investment Partnership (including economic terms and conditions) may be materially more favorable to the principals than the terms and conditions of an investment in any other Silverfern Investment Partnership. Furthermore, in certain Silverfern Investment Partnerships, any fees paid to Silverfern or otherwise received by Silverfern in connection with such Silverfern Investment Partnership's investment in a Portfolio Investment will not offset the applicable management fee. While Silverfern intends to allocate investment opportunities among the Silverfern Investment Partnerships in the manner described above, there can be no assurance that any Silverfern Investment Partnerships' actual allocation of an investment opportunity, if any, or the terms on which such allocation is made, will be as favorable as they would be if the conflicts of interest to which Silverfern may be subject, discussed in this paragraph, did not exist. There can be no assurance that any Silverfern Investment Partnership will have an opportunity to participate in certain investments that fall within such Silverfern Investment Partnership's investment objectives.

To the extent multiple Silverfern Investment Partnerships invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Silverfern Investment Partnerships that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Silverfern Investment Partnerships may or

may not provide such additional capital, and if provided, each Silverfern Investment Partnership generally will supply such additional capital in such amounts, if any, as determined by Silverfern in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, Silverfern may face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, one Silverfern Investment Partnership versus another Silverfern Investment Partnership (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Silverfern Investment Partnership enters into any indebtedness with another Silverfern Investment Partnership on a joint and several basis, the applicable Manager is expected to enter into one or more agreements that provide each Silverfern Investment Partnership with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, Silverfern may be subject to conflicts of interest, for example between a Silverfern Investment Partnership with a reimbursement obligation and a Silverfern Investment Partnership seeking reimbursement. Silverfern intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Silverfern Investment Partnership to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

Conflicts may arise when a Silverfern Investment Partnership makes investments in conjunction with an investment being made by another Silverfern Investment Partnership, or if it were to invest in the securities of a company in which another Silverfern Investment Partnership has already made an investment. A Silverfern Investment Partnership may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Silverfern Investment Partnerships. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Silverfern Investment Partnership and the other Silverfern Investment Partnership(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Silverfern and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Silverfern Investment Partnership's investments will be the same as the returns obtained by other Silverfern Investment Partnerships participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Silverfern Investment Partnerships. In that regard, actions may be taken for one or more Silverfern Investment Partnerships that adversely affect other Silverfern Investment Partnerships.

Subject to any relevant restrictions or other limitations contained in the applicable Governing Document of the Silverfern Investment Partnerships, Silverfern will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, Silverfern may be faced with a variety of potential conflicts of interest.

As a general matter, Silverfern Investment Partnership expenses typically will be allocated among all relevant Silverfern Investment Partnerships or co-invest vehicles eligible to reimburse

expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by Silverfern or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate *pro rata* based on number of Silverfern Investment Partnerships or co-invest vehicles receiving related benefits or proportionately in accordance with asset size. The Silverfern Investment Partnerships have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Silverfern Investment Partnerships bearing different levels of expenses with respect to the same investment.

Additionally, a portfolio company typically will reimburse Silverfern or service providers retained at Silverfern's discretion for expenses (including, without limitation, travel expenses) incurred by Silverfern or such service providers in connection with its performance of services for such portfolio company. This subjects Silverfern and its affiliates to conflicts of interest because the Silverfern Investment Partnerships generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Silverfern determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Silverfern Investment Partnership, any fee paid or expense reimbursed to Silverfern or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third-party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

Silverfern generally exercises its discretion to recommend to a Silverfern Investment Partnership or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) Silverfern or a related person of Silverfern (which may include a portfolio company of such Silverfern Investment Partnership), (ii) an entity with which Silverfern or its affiliates or current or former members of their personnel has a relationship or from which Silverfern or its affiliates or their personnel otherwise derives financial or other benefit or (iii) certain limited partners or their affiliates. For example, Silverfern may be presented with opportunities to receive financing and/or other services in connection with a Silverfern Investment Partnership's investments from certain limited partners or their affiliates that are engaged in lending or related business. This subjects Silverfern to conflicts of interest, because although Silverfern selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Silverfern Investment Partnership, Silverfern may have an incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Silverfern, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Silverfern Investment Partnerships or Silverfern), may

favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not Silverfern has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Further, certain advisers and other service providers or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants, title agents, property managers and investment or commercial banking firms) to the Silverfern Investment Partnerships, Silverfern and/or certain entities in which the Silverfern Investment Partnerships have an investment also provide goods or services to, or have business, personal, financial or other relationships with, Silverfern, its affiliates and portfolio companies. For example, certain portfolio companies enter into agreements regarding group procurement (such as a group purchasing organization), benefits management, purchase of title and/or other insurance policies (which will from time to time be pooled across portfolio companies and discounted due to scale) from a third party or a Silverfern affiliate, and other similar operational, administrative or management related initiatives that result in commissions, discounts or similar payments to Silverfern or its affiliates (including personnel), including related to a portion of the savings achieved by the portfolio company. Such benefits will not result in an offset to the Management Fee. Such advisers and service providers referred to above may be investors in the investment vehicles, affiliates of a General Partner, sources of financing and investment opportunities or co-investors or commercial counterparties or entities in which Silverfern has an investment, and payments by the investment vehicles and/or such portfolio companies may benefit Silverfern and/or such investment vehicles.

Silverfern and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in Portfolio Investments owned by the Silverfern Investment Partnerships or other investment vehicles advised by Silverfern and/or its affiliates; conversely, former personnel or executives of Silverfern and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by Silverfern. Similarly, Silverfern, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Silverfern and/or its affiliates, and/or the Silverfern Investment Partnerships or other investment vehicles they advise. Silverfern may have a conflict of interest with a Silverfern Investment Partnership in recommending the retention or continuation of a third-party service provider to such Silverfern Investment Partnership or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Silverfern Investment Partnerships, will provide Silverfern information about markets and industries in which Silverfern operates (or is contemplating operations) or will provide other services that are beneficial to Silverfern. Silverfern may have a conflict of interest in making such recommendations, in that Silverfern has an incentive to maintain goodwill between it and the existing and prospective

portfolio companies for a Silverfern Investment Partnership, while the products or services recommended may not necessarily be the best available to the Portfolio Investments held by a Silverfern Investment Partnership.

As previously mentioned above in Item 5, Silverfern performs certain accounting, reporting and reporting services for the Silverfern Investment Partnerships and is reimbursed for such services. This subjects Silverfern and its affiliates to conflicts of interest because the Silverfern Investment Partnerships generally do not have an interest or share in these reimbursements. The amount of such reimbursement is not offset against applicable Management Fees..

Further, Silverfern may enter into transactions with certain Silverfern Investment Partnership investors such as, for example, investors who are also business partners, such as insurance agents, investment banks, broker-dealers, legal counsel or others who provide services (including mezzanine and/or other lending arrangements) to Silverfern, the Silverfern Investment Partnership and portfolio companies. The terms of these transactions are negotiated on an arm's-length basis; however, Silverfern is subject to a conflict of interest when determining such terms because Silverfern may benefit from retaining such investors' investment in the Silverfern Investment Partnerships.

In addition, each relevant Manager expects to engage and retain strategic advisers, consultants, and other similar professionals who are not employees or affiliates of the relevant Manager and who will, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or assets, and such compensation paid to strategic advisers, consultants and other similar professionals (in various forms, together with expense reimbursement, equity or profits interests, benefits or other amounts) in many cases will be borne directly or indirectly by the relevant Silverfern Investment Partnership(s) or other investors.

Silverfern, its affiliates, and equity holders, officers, principals and employees of Silverfern and its affiliates may buy or sell securities or other instruments that Silverfern has recommended to a Silverfern Investment Partnership. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by a Silverfern Investment Partnership. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Silverfern Investment Partnership. Employees and related persons of Silverfern have, and are expected to continue to have, capital investments in or alongside certain Silverfern Investment Partnerships, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments.

Because certain expenses are paid for by a Silverfern Investment Partnership and/or its portfolio companies or, if incurred by Silverfern, are reimbursed by a Silverfern Investment Partnership and/or its portfolio companies, Silverfern will not necessarily seek out the lowest cost options when incurring (or causing a Silverfern Investment Partnership or its portfolio companies to incur) such expenses.

In addition, as described above, portfolio companies typically pay certain fees to Executive Partners and other consultants (including consultants introduced or arranged by Silverfern and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset the Management Fee. Although the use of the Executive Partners and the allocation of compensation paid to them by Silverfern, its affiliates and/or the portfolio companies subjects Silverfern and/or its affiliates to potential conflicts of interest, Silverfern believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Silverfern Investment Partnership(s)) that will result if the cost of the Executive Partner is lower than market rates for the services provided and/or if the services of the Executive Partners align with Silverfern's model for the portfolio company and improve portfolio company performance. Although Silverfern seeks to retain the Executive Partners with a view to reducing costs to portfolio companies (and, ultimately, the Silverfern Investment Partnerships) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. Silverfern also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Silverfern believes will align such persons' interests with those of the Silverfern Investment Partnerships' limited partners, and seeks to retain only the Executive Partners and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In addition, as a result of the Silverfern Investment Partnerships' significant and often controlling interests in portfolio companies, Silverfern and/or its affiliates typically have the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. Silverfern principals and employees often serve on the boards of Silverfern Investment Partnership portfolio companies. Serving in such capacity may give rise to conflicts to the extent that an employee's fiduciary duties to a portfolio company as a director may conflict with the interests of a Silverfern Investment Partnership in general; however, as the Silverfern Investment Partnerships will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned. Fees earned for sitting on such portfolio company boards by employees or affiliates of Silverfern will be offset against Management Fees as and to the extent required by the Governing Documents; such fees earned by third parties appointed by Silverfern are not offset against Management Fees.

As described herein, Silverfern and/or its affiliates may enter into Side Letters with certain investors in a Silverfern Investment Partnership providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights. For example, such investors may be charged lower Management Fees and may attract lower Carried Interest based on the aggregate amount of capital invested across all Silverfern Investment Partnerships into which such Anchor Investor has invested with the relevant Manager. Anchor Investors pay their pro-rata share of all other expenses

in each Silverfern Investment Partnership in which they invest. A more detailed description of applicable conflicts of interest is set forth in the offering documents for each Silverfern Investment Partnership.

Any of these situations subjects Silverfern and/or its affiliates to potential conflicts of interest. Silverfern attempts to resolve such conflicts of interest in light of its obligations to investors in its Silverfern Investment Partnerships. To the extent that an investment or relationship raises particular conflicts of interest, Silverfern will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict.

Item 9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of the adviser or the integrity of the adviser's management. Neither SCM nor SRM has any legal, financial or other disciplinary matters to report.

Item 10. Other Financial Industry Activities and Affiliations

The principals and other persons associated with the relevant Manager are registered representatives with SGI in the U.S., and as required by the laws of the applicable jurisdictions for the Non-U.S. Silverfern Affiliates. SCM, SRM, SGI and the Non-U.S. Silverfern Affiliates share common ownership.

Neither Silverfern nor any of its personnel are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, or as a commodity trading advisor

In connection with Silverfern's merchant banking activities relating to a particular target company and/or asset, an opportunity for investment alongside an Investment Partner may arise. If the relevant Manager in its good faith judgment determines that the investment opportunity is attractive, such relevant Manager forms a Silverfern Investment Partnership to make an investment in the target company. The portfolio companies and/or assets in which the Silverfern Investment Partnerships invest represent both opportunities that Silverfern has introduced and opportunities that are brought to the applicable Manager by Investment Partners.

Various potential and actual conflicts of interest may arise from the overall investment activities of the relevant Manager, SGI and the Non-U.S. Silverfern Affiliates. The following briefly summarizes certain of the principal conflicts. The references to the relevant Manager in this section include the relevant Manager's affiliates, partners, members, managers, shareholders, officers, directors and employees. Prospective investors should review the applicable Silverfern Investment Partnership offering materials and organizational documents, as applicable, for a more extensive description of the risks of investing in the Silverfern Investment Partnerships.

SGI or a Non-U.S. Silverfern Affiliate typically receives a fee upon the completion of a transaction. The relevant Manager will not receive any portion of such transaction fees; however, where a Silverfern Investment Partnership makes its investment in a portfolio company in connection with a transaction for which another Silverfern entity or Silverfern personnel receive a fee, the potential receipt of a fee by SGI, or a Non-U.S. Silverfern Affiliate, may provide an incentive for the relevant Manager to participate in a transaction in which it otherwise would not participate if SGI or a Non-U.S. Silverfern Affiliate did not benefit from the transaction, as the relevant Manager professionals who are also involved with such Silverfern affiliate may directly or indirectly share in the receipt of transaction fees paid by Investment Partners or investors in the Silverfern Investment Partnerships in connection with the applicable Silverfern affiliate's services. Silverfern seeks to manage the conflict by having a voting member on the relevant Manager Investment Committee who is not able to share in such transaction fees.

As previously mentioned in Item 4, the Managers have an agreement with Citi Private Bank and its global affiliates to privately place interests in Silverfern Investment Partnerships with such institution's high net worth clients who are accredited investors and qualified purchasers. Citi Private Bank shares in applicable Management Fees and Carried Interest for such investors.

Item 11.

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

Code of Ethics

The Managers have adopted a Code of Ethics (the “Code”) for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. All supervised persons at the relevant Manager must acknowledge the terms of the Code annually, or as amended.

Clients may request a copy of the Manager’s Code of Ethics by contacting John R. Cattau, Managing Director & Chief Administrative Officer, at 212-209-8895.

Participation or Interest in Client Transactions

The Managers maintain records of all discretionary personal securities accounts of its partners and employees in an effort to monitor all such personal investment activity. All such persons are restricted from purchasing or selling securities that are held in Silverfern Investment Partnership accounts or being considered for purchase or sale in Silverfern Investment Partnership accounts.

In addition, the Managers will not consummate any principal or agency cross securities transactions for Client accounts without Client consent (to the extent required by the Governing Documents of a Silverfern Investment Partnership). The Managers will also not cross trades between Client accounts without Client consent. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Personal Trading

Silverfern and its affiliated persons may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Silverfern and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Silverfern.

Accordingly, should Silverfern or any of its affiliated persons come into possession of material non-public or other confidential information with respect to public and non-public company, Silverfern generally would be prohibited from communicating such information to Clients, and Silverfern will have no responsibility or liability for failing to disclose such information to Clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Silverfern personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Silverfern Investment Partnership.

Item 12. Brokerage Practices

As a general matter, Silverfern focuses on private securities transactions for the Silverfern Investment Partnerships. For situations involving public securities, the relevant Manager has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. The relevant Manager will seek the best price and execution available except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services. “Best execution” means obtaining for a Silverfern Investment Partnership the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), subject to the circumstances of the transaction and the quality and reliability of the executing broker or dealer. In selecting brokers or dealers, the relevant Manager will consider various factors, including, but not limited to: the reputation, experience and financial stability of the broker-dealer; the ability to maintain the relevant Manager’s anonymity; the ability to provide competitive pricing; the size and timing of the transaction; the nature of the market for the security and the difficulty of execution; the broker-dealer’s trading expertise; and the belief that the broker-dealer charges a fair and reasonable fee for each trade, and that the Silverfern Investment Partnerships have been treated fairly and honestly in prior trades.

The relevant Manager does not have formal arrangements with specific brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from client transactions (so called “soft dollar” arrangements). However, brokers or dealers may be selected who provide research reports and services to the relevant Manager. In accordance with Section 28(e) of the Securities Exchange Act of 1934, broker-dealers providing such services may be paid commissions on transactions for Silverfern Investment Partnerships in excess of those that other broker-dealers not providing such services might charge so long as the relevant Manager determines in good faith the amount of commissions is reasonable in relation to the value of the brokerage and research services provided, taking into account all of the accounts over which the relevant Manager exercises investment discretion. Recognizing the value of the brokerage and research services provided, the relevant Manager may allow a brokerage commission or negotiated term in excess of that which another broker might have charged for effecting the same transaction. The relevant Manager will periodically evaluate the overall reasonableness of the brokerage commissions and negotiated terms paid to or made with broker-dealers with respect to client transactions.

Item 13. Review of Accounts

The investment interests held by the Silverfern Investment Partnerships are generally private, illiquid and long-term in nature; accordingly, the relevant Manager's review of them is not directed toward a short-term decision to dispose of securities. However, the relevant Manager closely monitors the portfolio companies and/or assets of the Silverfern Investment Partnerships. The relevant Manager's professionals meet periodically with members of the relevant Manager's Investment Committee to update them on portfolio positions and related matters.

In addition, the relevant Manager provides formal written reports to limited partners of its Silverfern Investment Partnerships on a quarterly basis. The reports include individual investor capital balance information and Silverfern Investment Partnership performance information. Investors also receive annual audited financial statements for the Silverfern Investment Partnership in which they are invested.

Item 14. Client Referrals and Other Compensation

We or our affiliates may pay third-party solicitors a portion of the management fee and/or performance fee paid to the relevant Manager or its affiliates (although other payment arrangements could exist) to solicit prospective investors in the Silverfern Investment Partnerships. A prospective investor solicited by a third party will be informed of (and may be asked to acknowledge in writing its understanding of) any such arrangement. All fees for such solicitation services are expected to be ultimately borne by, or otherwise recouped from, the investors investing in a Silverfern Investment Partnership pursuant to the relevant Manager's (or its affiliate's) engagement of any such third-party solicitor, as determined by Silverfern in its sole discretion. In the U.S., third-party solicitors will be registered as broker-dealers with the SEC or registered representatives of registered broker-dealers. Third-party solicitors outside the U.S. will be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.

Item 15. Custody

The relevant Manager generally has custody of certain funds or securities of the Silverfern Investment Partnerships. Rule 206(4)-2 (the “Custody Rule”) under the Advisers Act defines custody as holding client securities or assets or having any authority to obtain possession of them, including the authority to withdraw funds or securities from a client’s accounts or ownership of or access to client funds or securities (such as through fee deductions).

Most of the assets of the Silverfern Investment Partnerships are defined as “privately offered securities” and are not required to be held by a “qualified custodian” under the Custody Rule. All other assets of the Silverfern Investment Partnerships are held in custody by unaffiliated broker/dealers or banks acting in the capacity as “qualified custodians”.

With respect to the Silverfern Investment Partnerships, the relevant Manager is deemed to have custody of their money or securities under the Custody Rule because the general partners of the Silverfern Investment Partnerships are affiliates of the relevant Manager and are deemed to have custody of such money and securities. As a result of the relevant Manager’s constructive custody of certain Silverfern Investment Partnership funds and securities, the relevant Manager has developed procedures that ensure the safeguarding and protection of the assets of those Silverfern Investment Partnerships. The qualified custodians of certain Silverfern Investment Partnerships send quarterly statements directly to the investors in the affected Silverfern Investment Partnership. Investors should carefully review these statements and are urged to compare these statements to statements received from the Silverfern Investment Partnership, which statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

The Silverfern Investment Partnerships’ financial statements are audited annually by a nationally recognized independent public accountant registered with, and regularly examined by, the Public Company Accounting Oversight Board to conduct annual financial audits of such Silverfern Investment Partnerships prepared in accordance with U.S. Generally Accepted Auditing Standards and deliver the audited financial statements directly to investors in such Silverfern Investment Partnerships within 120 days of the end of the Silverfern Investment Partnerships’ fiscal year. The audited financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles.

Item 16. Investment Discretion

The relevant Manager has discretionary authority with respect to all the Silverfern Investment Partnerships. Under the terms of a separate management agreement between the relevant Manager and each Silverfern Investment Partnership, the relevant Manager received discretionary authority from the Silverfern Investment Partnerships to select the identity and amount of securities to be bought or sold. In all cases, however, discretion is to be exercised in a manner consistent with the stated investment objectives for each Silverfern Investment Partnership and the terms of the management agreement.

Item 17. Voting Client Securities

The relevant Manager has been delegated the authority to vote proxies regarding securities held by the Silverfern Investment Partnerships. The relevant Manager has adopted and implemented policies and procedures reasonably designed to ensure that the relevant Manager votes proxies in the best interests of the Silverfern Investment Partnerships. In exercising its voting discretion, the relevant Manager seeks to avoid any direct or indirect conflict of interest between the Silverfern Investment Partnerships and the relevant Manager's voting decision.

It is the general policy of the relevant Manager to vote or to give consent on all matters presented to security holders in any proxy, and its policies and procedures have been designed with that in mind. However, the relevant Manager reserves the right to abstain on any particular vote or otherwise to withhold its vote or consent on any matter if, in the judgment of certain professionals within the relevant Manager, the costs associated with voting such proxy outweigh the benefits to the applicable Silverfern Investment Partnerships or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the applicable Silverfern Investment Partnerships.

The relevant Manager's Investment Committee is responsible for monitoring proxy decisions for any actual or perceived conflicts of interests. All proxy voting decisions require a mandatory conflicts of interest review by the relevant Manager's Chief Compliance Officer, which includes consideration of whether the relevant Manager or any investment professional or other person recommending how to vote the proxy has an interest in how the proxy is voted that may present a conflict of interest. When the relevant Manager's Chief Compliance Officer deems appropriate in his sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the relevant Manager's Chief Compliance Officer has the power to retain independent fiduciaries, consultants or professionals to assist with proxy voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

In accordance with the requirements of the Advisers Act, the relevant Manager maintain records of its proxy voting for at least five years and, at a limited partner's request, will furnish proxy voting information, free of charge, to the requesting limited partner within a reasonable period of time (usually within ten business days). Limited partners may request proxy voting information by contacting the Chief Compliance Officer for either Manager at (212) 209-8895 or by writing to Silverfern Capital Management, LLC, or SREP Capital Management, LLC, as appropriate, Attention: John R. Cattau at 599 Lexington Avenue, 47th Floor, New York, NY 10022.

Item 18. Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition.

The Managers do not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance.

The Managers do not have any financial commitment or condition that does or is reasonably likely to impair its ability to meet contractual and fiduciary commitments to its Clients.

The Managers have not been the subject of a bankruptcy proceeding.