

PART 2A OF FORM ADV: FIRM BROCHURE



BROCHURE OF

Silverpeak Real Estate Partners L.P.
(Named Investment Adviser)

Delaware Limited Partnership registered with the Securities and Exchange Commission as
an Investment Adviser (CRD # 156018)

and

SP SMC Capital LLC
(Relying Investment Adviser)

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THIS BROCHURE PROVIDES INFORMATION ABOUT THE QUALIFICATIONS AND BUSINESS PRACTICES OF SILVERPEAK REAL ESTATE PARTNERS L.P. AND SP SMC CAPITAL LLC (THE "FIRM"). IF YOU HAVE ANY QUESTIONS ABOUT THE CONTENTS OF THIS BROCHURE, PLEASE CONTACT US AT (212) 716-2000 OR INFO@SILVERPEAKRE.COM.

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES AUTHORITY HAS PASSED UPON THE ADEQUACY OR ACCURACY OF THIS BROCHURE. REGISTRATION AS AN INVESTMENT ADVISER DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING. ADDITIONAL INFORMATION ABOUT THE FIRM ALSO IS AVAILABLE ON THE SEC'S WEBSITE AT WWW.ADVISERINFO.SEC.GOV.

The date of this Brochure is
March 28, 2017



Item 2. Material Changes of the Disclosure Brochure:

There are no material changes since the last filing dated March 30, 2016.



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I. Part 2A – FIRM BROCHURE

Item 4. Advisory Business:

Operational and Organizational Information: Silverpeak Real Estate Partners L.P. (“Named Investment Adviser”) and SP SMC Capital LLC (“Relying Investment Adviser” and together with the Named Investment Adviser, the “Firm” or “Silverpeak” or each an “Investment Adviser”), both Delaware domiciled entities, are investment advisers registered or deemed registered with the U.S. Securities and Exchange Commission (“SEC”). Silverpeak Real Estate Partners L.P. and SP SMC Capital LLC were formed in 2010 and 2015, respectively. The Named Investment Adviser manages numerous investment vehicles, which are organized into, and managed as three “fund platforms” as follows: Silverpeak Legacy Partners L.P. (formerly Lehman Brothers Real Estate Partners L.P.) and its parallel limited partnerships and alternative investment vehicles (“SLP I”), Silverpeak Legacy Partners II L.P. (formerly Lehman Brothers Real Estate Partners II L.P.) and its parallel limited partnerships and alternative investment vehicles (“SLP II”), and Silverpeak Legacy Partners III L.P. (formerly Lehman Brothers Real Estate Partners III L.P.) and its parallel limited partnerships (“SLP III”). Each of SLP I, SLP II and SLP III (each a “Fund” and collectively the “Funds”) is managed as an investment platform whose investments are distributed and allocated to the investment vehicles that each of the Funds is comprised of, as further described below.

SLP I and SLP II are comprised of both parallel private fund (pooled vehicle) limited partnership entities as well as side-by-side investment vehicle entities that are affiliates of Lehman Brothers Holdings Inc. (“Lehman Holdings”), while SLP III is comprised solely of parallel private fund (pooled vehicle) limited partnership entities. Note that none of SLP I, SLP II or SLP III exists as a legal entity. The Funds’ limited partnerships and alternative investment vehicles include: i) 36 limited partnerships, 31 of which are advised or sub-advised by the Named Investment Adviser (each a “Partnership” and collectively the “Partnerships”) and 5 of which (the “Lehman Partnerships”) are advised by Lehman Brothers Private Equity Advisers LLC (“Lehman”), and; ii) 5 alternative investment vehicles that are managed as separately managed accounts (the “Lehman Accounts”). The Lehman Accounts are owned by Lehman Holdings (accordingly, the 5 Lehman Accounts have historically been treated as 1 client). SLP I is comprised of 12 Partnerships, 5 Lehman Partnerships, and 3 Lehman Accounts; SLP II is comprised of 8 Partnerships, 3 Lehman Partnerships, and 2 Lehman Accounts; and SLP III is comprised of 11 Partnerships. The Lehman Partnerships are clients under SLP I and/or SLP II and, given that Lehman is their investment adviser, information regarding the Lehman Partnerships should be available on Lehman’s Form ADV. Typically, each Partnership has a general partner (each a “General Partner” and collectively “General Partners”), which is



owned and/or controlled by Lehman or its affiliates. Note that the Funds are not currently making new investments or accepting new investors as of the date of this Brochure.

The management team for the Named Investment Adviser consists of Rodolpho Amboss, Brett Bossung and Mark Walsh.

The Relying Investment Adviser manages a separately managed account vehicle on behalf of institutional capital ("SP SMAs"). Brett Bossung and Mark Walsh serve as the management team for the Relying Investment Adviser.

Note: For purposes of this Brochure, "Client" may include any or all of the Funds, the Partnerships and the SP SMAs, as well as, where applicable, investors in the Partnerships (also called "Investors" or "Limited Partners"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in each Client's governing documents.

Note: As stated on the cover page of this Brochure, registration as an investment adviser does not imply a level of skill or training.

Types of Advisory Services Offered: Silverpeak provides discretionary investment advisory services primarily related to making equity and equity-related investments in real estate properties and companies and service businesses ancillary to the real estate industry in addition to investments in debt instruments, including non-performing loans and other distressed debt instruments, or other securities that meet Clients' investment profiles. Silverpeak does not generally provide advice with respect to other types of investments. With respect to the Funds, note that in certain circumstances the General Partners' approval may be necessary with respect to a material change to a business plan that requires capital in excess of certain thresholds. With respect to the SP SMA, in limited circumstances, the Client may need to approve a potential acquisition of an investment.

Silverpeak holds itself out as specializing in real estate investments. Please review the investment guidelines, specified below under "Client Investment Guidelines and Parameters."

Client Investment Guidelines and Parameters: Advisory services include, among other things, providing advice regarding asset allocation and the selection of investments. Decisions relating to investment advice are based on an analysis of the merits and risks of the investment involved and on the investment guidelines and restrictions of the Client. The following is a description of the principal types of investments Silverpeak seeks to employ on behalf of its Clients, which is merely a summary; one should not assume that any descriptions of specific activities are intended in any way to limit the types of investment activities Silverpeak may undertake.



The investment objective is to seek to achieve attractive risk-adjusted returns by identifying and structuring investments for the unique conditions of each local market through various instruments including direct property ownership, joint ventures, mortgages and investments in equity and debt instruments of private and public real estate, operating and service companies. In most situations, Clients enter into a partnership or joint venture with an operating partner or a management team that has specialized expertise in the operation, marketing, leasing or development of the particular property type.

Clients invest in Real Estate Assets (defined below), Portfolio Companies (defined below) and in service companies ancillary to the real estate industry. "Real Estate Assets" include equity interests, debt interests, debt or equity-related interests, participations, leasehold interests, or other interests, direct or indirect, in or relating to single or multiple real estate properties or assets (including, for all purposes hereunder, land, buildings and other improvements and related personal or intangible property), pools or portfolios of real estate properties or assets, partial interests or rights in real estate properties or assets, options, rights of refusal, rights of offer and similar rights in respect of real estate assets or properties or portions thereof, debt or equity securities and interests in real estate operating or service companies, real estate holding corporations and real estate investment trusts or other entities that are taxed as real estate investment trusts for federal income tax purposes. "Portfolio Companies" include companies (whether corporations, partnerships, limited liability companies or other entities) with direct or indirect interests in Real Estate Assets, or that are otherwise involved in the ownership, operation, management or development of Real Estate Assets or in other real estate-related businesses or assets in which a Client owns a direct or indirect interest, including, without limitation, real estate investment trusts and service companies ancillary to the real estate industry.

Client Assets Under Management: *(rounded to the nearest \$100,000)*

Discretionary: \$1,348,500,000 as of 12/31/2016.

Item 5. Fees and Compensation:

- (A) **Generally:** Fees are negotiated with each Client. Circumstances considered when negotiating fees may include, without limitation, customary market rates, specialized guidelines, and other performance (incentive fee) arrangements with the Client.
- (B) **Payment of Fees:** Management Fees: The Named Investment Adviser provides certain services to its Clients, which generally



include the origination and evaluation of investment opportunities, the structuring of investment transactions, investment recommendations, investment monitoring, advice on investment realizations, and performs certain administrative services. In return for providing such services, the Named Investment Adviser is entitled to receive a Management Fee, which is due semi-annually in advance.

As set forth in the governing documents applicable to each respective Fund entity, during the Commitment Period, Management Fees typically range from 1.00% to 2.00% of the amount of the partners' Capital Commitments. After the expiration of the Commitment Period, the Management Fees typically range from 1.00% to 2.00% of the partners' unreturned Capital Contributions. Management Fee rates differ amongst partners based on investor class and commitment amount.

SP SMAs may pay the Relying Investment Adviser negotiated rates for Management Fees.

- (C) **Additional Fees and Expenses:** In addition to amounts Clients pay to an Investment Adviser and/or the General Partners noted above and in Item 6, the following is a list of expenses that are typically borne by the Clients. This list is not intended to be exhaustive; Clients are advised to review the applicable governing documents for the specific entity in which they are invested: (i) legal fees, audit fees, accounting fees, insurance costs, taxes and filing fees; (ii) tax preparation and tax compliance fees (e.g., FBAR, FACTA, ERISA); (iii) travel and entertainment expenses in connection with the activities of the funds; (iv) research-related expenses, including subscriptions and quotation equipment and services; (v) expenses of litigation involving the Clients or entities in which the Clients have investments and the amount of any judgments or settlements paid in connection therewith; (vi) expenses associated with the Investor Advisory Committee and investor meetings; (vii) expenses related to fund compliance matters and reporting obligations to the extent they relate to the Funds' activities (e.g., Form PF, CFTC filings); (viii) expenses incurred in connection with the formation, maintenance and operation of special purpose vehicles through which a fund makes, holds or manages investments, including international/non-US-based entities (e.g., Luxembourg & Mauritius vehicles); (ix) consultant and senior advisor expenses, including expenses related to profit-sharing payments due to unaffiliated advisors, consultants or operating partners; (x) broken-deal expenses; (xi) expenses associated with the preparation of periodic reports and related financial and other statements; and (xii) other customary expenses related to Client operations.

In addition, as also described in the applicable governing documents, certain Clients reimburse the Investment Adviser for finance and asset management related services provided by the



employees/consultants (including the allocation of their compensation and overhead) of the Investment Adviser or any of its affiliates. The allocation of such reimbursements involves inherent conflicts and requires the use of allocation methodologies, which are made by the Investment Adviser in good faith. Such methodologies typically involve an estimation of the value of time certain personnel spend on a particular Client, but may include any other reasonable methodology determined, in good faith, to be appropriate by the Investment Adviser.

Except for limited instances in which an expense or fee is incurred or charged to one Client in particular, when multiple Clients have made the same investment or utilized the same service, each participating Client will generally share proportionately in the expense or fee based on committed capital or any other similar methodology determined by the Investment Adviser to be appropriate under the circumstances. The Investment Adviser will make such allocation decisions in its fair and reasonable discretion, notwithstanding its interest in the outcome, and may make corrective allocations should it determine that such corrections are necessary or advisable. Broken deal expenses, if any, may be allocated only to Clients which were considered by the Investment Adviser to be potential participants in a proposed investment which was not consummated.

Lastly, with the exception of SP SMAs, Clients paid organizational expenses, up to a certain threshold, for costs and expenses pertaining to the offering and sale of partner interests to prospective investors and the organization of the Clients and their General Partners.

- (D) **Fees Paid in Advance:** The Funds pay Management Fees that are calculated and payable to the Named Investment Adviser semi-annually in advance and are pro-rated for partial periods in the event an investment management agreement is terminated.

Item 6. Performance-Based Fees and Side-by-Side Management:

Generally: A full description of performance-based (incentive) fee arrangements are disclosed to the Client in the applicable governing documents.

Named Investment Adviser:

In addition to the Management Fees described in Item 5, the Named Investment Adviser, and/or the General Partners also may receive some or all of the performance-based fees described below (the "Performance Fees") which are tied to the capital appreciation within Fund accounts that is payable upon a capital event as described in the applicable offering documents. The Performance Fees may create an incentive to make more speculative investment decisions regarding the timing and



manner of the realization of such investments than would be made if such Performance Fees were not available to the Named Investment Adviser and/or the General Partner. The relevant Oversight Committee for the Named Investment Adviser, as defined in Item 10 herein, oversees investment decisions and monitors conflicts of interest related to fee structures.

A general description of the Performance Fees for which the Named Investment Adviser and/or General Partners are set forth below:

Profits Interest: The Profits Interest percentage for the Funds typically ranges from 10% to 20% of proceeds in excess of certain hurdles and may be paid by a Limited Partner to the General Partner when distributions are declared from a Partnership. The Profits Interest and the timing of its distribution may vary from Partnership to Partnership and is described more fully in each Partnership's limited partnership agreement. Further, each Partnership's limited partnership agreement typically contains a "clawback" provision providing Limited Partners the opportunity to recoup from the General Partner distributions previously made in excess of certain thresholds.

Contingent Disposition Fees & Long Term Incentive Amount: A Contingent Disposition Fee and a Long Term Incentive Amount may be paid by the Funds, which are calculated using defined percentage rates multiplied by the proceeds distributable to the Funds' Investors in excess of certain thresholds, subject to certain limits. Further, such amounts paid in excess of actual amounts earned are subject to repayment to the Fund as outlined in each Partnership's limited partnership agreement.

Disposition Fees: A Disposition Fee may be payable by the Funds based on a defined percentage of any net cash proceeds received by the Funds with respect to the full or partial sale (including condominium sales), casualty, merger or other disposition of a portfolio company or a portfolio investment or any non-recourse financing, restructuring or refinancing of a portfolio company or a portfolio investment (each, a "Disposition Fee Transaction"). A Disposition Fee Transaction does not include distributions related to ordinary net income generated by a Fund's Portfolio Investments or Portfolio Companies or any proceeds related to a casualty that does not give rise to a distribution in accordance with the governing documents.

Relying Investment Adviser:

Performance Fees and other fees, including those described above, may be paid by SP SMAs as described in the governing documents. The relevant Oversight Committee for the Relying Investment Adviser, as defined in Item 10 herein, oversees investment decisions and monitors conflicts of interest related to fee structures in the SP SMAs.



Item 7. Types of Clients:

Silverpeak provides advisory services to investment vehicles as described in Item 4 above. As the Funds are not accepting new investors, there is no applicable minimum capital commitment to invest in a Partnership. For the SP SMAs, individually negotiated minimums are set in the applicable governing documents. Silverpeak does not require a certain minimum account size to maintain an investment in a Partnership.

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

- (A) **Methods of Analysis and Investment Strategies:** Silverpeak, on behalf of its Clients, employs a fundamental, value-driven investment strategy and approach in seeking to achieve risk-adjusted returns in the real estate sector. Silverpeak seeks to maximize returns on investments in properties, real estate companies, and service businesses ancillary to the real estate industry. This approach incorporates: (i) understanding and forecasting economic, social and financial factors affecting real estate supply and demand in local markets; (ii) benefiting from operating partners' local expertise with respect to specific market complexities; (iii) determining the asset replacement cost and acquisition prices on comparable transactions to form a proper valuation context; and (iv) identifying and subsequently responding to the numerous factors that constantly affect real estate valuations. In addition, Silverpeak generally pursues investment opportunities where it perceives attractive valuation, assumes acceptable levels of leverage, and identifies viable exit strategies. The business plan for an investment contemplates potential exit strategies in seeking to maximize returns, and Silverpeak regularly revisits and modifies the anticipated exit strategy based on evolving market conditions. Silverpeak may also from time-to-time utilize hedging techniques for Clients with the goal of protecting them against adverse movements in currency, interest rates and other risks.

Investing in securities involves risk of loss that Clients should be prepared to bear.

- (B) **Risks Associated with Firm's Investment Strategies:** A description of the risks inherent to the strategies employed by Silverpeak on behalf of its Clients is described in further detail in the respective governing documents. Below is a subset of those risks:

General Real Estate Considerations: Real property investments are subject to varying degrees of risk. Real estate values are affected by a number of factors, including (i) changes in the general economic climate, (ii) local conditions (such as an oversupply of space or a reduction in demand for space), (iii) the quality and philosophy of management, (iv) competition based on rental rates, (v) attractiveness and location of the properties, (vi)



financial condition of tenants, buyers and sellers of properties, (vii) quality of maintenance, insurance and management services and (viii) changes in operating costs. Real estate values also are affected by such factors as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing and potential liability under changing environmental and other laws.

Competitive Market for Investment Opportunities: Clients will compete for investments with other real estate investment vehicles, as well as individuals, publicly traded real estate investment trusts ("REITs"), financial institutions (such as mortgage banks and pension funds), hedge funds and other institutional investors. Due to such competition, there can be no assurance that the Clients will be able to secure, make and dispose of investments that meet their investment objectives.

Valuation and Liquidity Risk: Clients typically invest in real estate and real estate related investments for which no liquid market exists. The market prices for such investments may be volatile and may not be readily ascertainable. The ability to liquidate a portfolio investment based on its respective business plan is reliant upon the health and stability of the global capital, credit and real estate markets. The Investment Adviser attempts to mitigate this risk by maintaining sufficient cash reserves to cover Clients near-term operating expenses and support the business plans of a portfolio investment, which include continued implementation of an asset management plan that is focused on, among other things, value added capital expenditures and reducing operating expenses related to portfolio investments. As part of such asset management process, the Investment Adviser will continue to look for equity and debt capital with the objective of maximizing the value of the portfolio investments. However, any unforeseen macro-economic events and/or adverse changes to the global capital, credit and real estate markets may force a change to a liquidation strategy as well as a business plan specific to a portfolio investment, and therefore, may make it more difficult to determine the fair value of a portfolio investment. Further, such fair value may differ from the amount ultimately realized from a portfolio investment, and the differences could be material.

Financing Risk: There is no guarantee that leverage will continue to be available for Clients' portfolio investments, or if available, will be available on terms and conditions acceptable to the Clients. Unfavorable economic conditions also could increase funding costs, limit access to the capital markets or result in a decision by lenders not to extend credit to Clients or their portfolio investments. In addition, a decline in market value of the Clients' assets may have adverse consequences in instances where the Clients



borrowed money based on the fair value of those assets. In the event the Clients are required to liquidate all or a portion of their portfolios quickly, the Client may realize significantly less than the value at which they previously recorded those investments. The Clients will typically lever their investments with debt financing. Leverage also may be present at the property or operating company level. Although the use of leverage may enhance returns and increase the number of investments that can be made, they also may substantially increase the risk of loss of principal. Certain tax-exempt investors may be subject to unrelated business income taxation because of the Client's use of leverage. The use of leverage may increase the exposure of investments to adverse economic factors such as rising interest rates and severe economic downturns.

Possible Lack of Diversification: While diversification is an objective of the Clients and the Clients' investments are subject to certain geographic and ownership limitations, there is no assurance as to the degree of diversification that will actually be achieved, either by geographic region or asset type. If a Client makes an investment in a single transaction with the intent of refinancing or selling a portion of the investment, there is a risk that such Client will be unable to successfully complete such a financing or sale. This could lead to increased risk as a result of having an unintended long-term investment and reduced diversification.

Foreign Investments: Clients may make investments in a number of different foreign countries, some of which may prove to be politically unstable. With any investment in a foreign country, there exists the risk of adverse political developments, including nationalization, confiscation without fair compensation or war. Furthermore, in the case of investments in foreign securities or other assets, any fluctuation in currency exchange rates will affect the value of the investments (potentially materially), and any restrictions imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate foreign currency. In addition, laws and regulations of foreign countries may impose restrictions or approvals that would not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. Silverpeak will analyze risks in the applicable foreign countries before making such investments, but no assurance can be given that a political or economic climate, or particular legal or regulatory risks, might not adversely affect investments by the Clients.

Hedging Policies/Risks: Clients may employ hedging techniques designed to protect them against adverse movements in currency and/or interest rates and other risks. While such transactions may reduce certain risks, the transactions themselves may entail certain other risks. Thus, while the Clients may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates,



currency exchange rates, volatility, credit charges or other factors may result in a poorer overall performance for the Clients than if they had not entered into such hedging transactions. The Clients may, to the extent that hedging arrangements result in currency exchange gain which has not been paid over by the hedging provider, be exposed to the creditworthiness of the selected hedging provider(s) from time to time. The amount of such exposure will vary from time to time according to (i) the difference between the then prevailing market rate of exchange of the relevant currencies and the forward rate applicable for the purposes of the hedging arrangements and (ii) the amount hedged. If the hedging arrangements result in a currency exchange gain for the Clients, then such gain may constitute a taxable profit for the Clients, notwithstanding that such gain is accompanied by a reduction in the value of investments. If the hedging arrangements result in a currency exchange loss for the Clients, such Client may not be able to claim a corresponding reduction in any amount of taxable income or gains. If the hedging arrangements are terminated at any time in accordance with their terms, whether as a result of an event of default thereunder or otherwise, the Clients may be liable to make a payment to or receive a payment from the hedging provider in connection with such termination reflecting the market value of the transactions comprising such hedging arrangements (or, in certain circumstances, the loss or gain, as applicable, of the party making the relevant determination). If the Clients are required to make such a payment, they may be required to liquidate investments to fund any such payment. Furthermore, the Clients may be unable to locate an alternative provider of currency hedging arrangements within a reasonable period of time or at all. If no such alternative provider or hedging arrangements is located, then the Clients may be fully exposed to currency fluctuations.

Development Risks: Clients may acquire equity interests in real estate developments and/or in businesses that engage in real estate development. To the extent that the Client invests in such development activities, they will be subject to the risks normally associated with such activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the Clients, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the investment and on the amount of funds available for distribution to the Clients.

Disaster, Cyber Security Breaches and Identity Theft Risks: Silverpeak's (or its affiliate's) information and technology systems



may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Silverpeak has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Silverpeak may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Silverpeak's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Silverpeak's reputation or subject it or its affiliates to legal claims and otherwise affect their business and financial performance. Additionally, any failure of Silverpeak's information, technology or security systems could have an adverse impact on Silverpeak's ability to manage Client investments which may negatively impact the value of such investments and could subject affected Client(s) to material losses.

Item 9. Disciplinary Information:

Legal and disciplinary events in which Silverpeak or any supervised persons have been involved that are material to a Client's or Investor's or prospective client's or investor's evaluation of the Firm's advisory business or management are listed below.

Certain advisory affiliates of Silverpeak were named in a civil lawsuit (Case No. 09-CV-91001774: *Fried et al v. Lehman Brothers Real Estate Associates III, L.P. et al.*) ("Fried I") in the US District Court for the Southern District of New York ("District Court"), whereby a small group of high net worth investors filed suit claiming compensatory damages and rescission or restitution. The Firm's advisory affiliates filed a motion to dismiss the Fried I complaint in its entirety on June 30, 2010, which the Court granted on March 29, 2011. On April 28, 2011, two (2) Fried I Plaintiffs appealed the District Court's decision to the US Court of Appeals for the Second Circuit ("Second Circuit") (Case No. 11-CV-1774). On December 20, 2012, the Second Circuit issued a summary order affirming the District Court's dismissal of the Fried I complaint. On May 27, 2011, while the appeal from the dismissal of the federal action was pending, several Fried I Plaintiffs, using the same counsel, brought a similar case in the NY Supreme Court (Case No. 651461/2011 (NY County)). On June 17, 2011, the Firm's advisory affiliates removed this action to the District Court (Case No. 11-CV-4141: *Fried, et al. v. Lehman Brothers Real Estate Associates III, L.P., et al.*) ("Fried II"). On June 24, 2011, the Firm's advisory affiliates moved to stay Fried II pending the adjudication of the appeal before the Second Circuit. On July 15, 2011, Plaintiffs moved to remand Fried II to NY State Court. On January 25, 2012, the District Court denied Plaintiffs' motion to



remand and granted Defendants' motion to stay pending the Second Circuit's final decision on the Fried I appeal. On February 28, 2013, the Fried II plaintiffs filed an amended complaint against the Defendants. On May 30, 2013, the District Court granted Plaintiffs' motion to abstain from exercising jurisdiction over the complaint. On July 15, 2013, the Defendants moved in NY Supreme Court to dismiss the amended complaint. On January 15, 2015, the NY Supreme Court entered an order denying Defendants' motion to dismiss without prejudice and granted Plaintiffs 20 days to file their Amended Complaint in NY Supreme Court. On February 3, 2015, Plaintiffs filed an amended complaint against the same parties as the original complaint. On March 23, 2015, the Defendants moved in NY Supreme Court to dismiss the amended complaint. Defendant's motion to dismiss was fully briefed by June 15, 2015 and was argued on October 7, 2015. On December 1, 2015 the Defendants moved to supplement the record for Defendants' motions to dismiss with additional documents. That motion was fully briefed as of January 12, 2016, and, on August 5, 2016, the NY Supreme Court issued a decision and order granting defendants' motion to dismiss. The judgment was entered on August 25, 2016, and the plaintiffs filed a notice to appeal on August 29, 2016. The Firm's advisory affiliates shall continue to defend against the allegations, which they believe to be baseless.

In addition to the Fried cases described above, Mark A. Walsh, as part of a group of eighteen former Lehman Brothers officers and directors, was voluntarily dismissed with prejudice from a lawsuit before even having to answer the complaint. The now dismissed action entitled *The State of New Jersey, Department of Treasury, Division of Investment v. Richard S. Fuld, Jr., et al., No. 10-CV-5201 (LAK)* commenced in 2009 in New Jersey state court and subsequently transferred to the Honorable Lewis B. Kaplan in the United States District Court for the Southern District of New York. The complaint was not a regulatory matter, rather an action commenced by an investor seeking damages against the eighteen former Lehman Brothers officers and directors and Lehman's auditor. While the case was pending before Judge Kaplan, the Plaintiffs voluntarily withdrew all claims against Mr. Walsh and the other individually named non-auditor defendants pursuant to a Settlement Agreement and Mutual Release dated August 24, 2011. The claims were dismissed with prejudice in an Order signed by the Court on November 28, 2011. According to the Form ADV instructions, this civil action may require disclosure.

For the avoidance of doubt, the Firm's advisory affiliates did not consider the above matters to be material to advisory Clients, but disclosed the details based on a conservative interpretation of the Form ADV instructions. For additional information, please refer to www.adviserinfo.sec.gov (Form ADV, Part 1, Item #11 and Item #3 of the Form ADV, Part 2B, for relevant personnel).



Item 10. Other Financial Industry Activities and Affiliations:

The Named Investment Adviser is affiliated with the Relying Investment Adviser, which is subject to the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder, pursuant to the Named Investment Adviser's registration in accordance with SEC guidance. The Relying Investment Adviser operates as a single advisory business together with the Named Investment Adviser and each serve as managers or general partners, as applicable, of Clients and SP SMAs and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Certain persons affiliated with Silverpeak have non-controlling, minority interests in other investment advisory businesses, including, without limitation, StoneBeck Capital, LLC ("StoneBeck") which intends to provide advisory services to investment vehicles holding high yield debt and preferred equity instruments. Upon launch, which is expected in 2017, Stonebeck intends to register as an investment adviser with the SEC. Silverview Capital Partners, L.P. ("Silverview"), which provides advisory services to credit opportunities funds, is a registered investment adviser with the SEC. Both Stonebeck and Silverview share office space with Silverpeak, but operate or will operate, as the case may be, independently of Silverpeak, except to the extent that certain employees may be shared.

Certain persons affiliated with Silverpeak, also have non-controlling, minority interests in other financial industry-related businesses, including without limitation, Silverpeak Argentic (f/k/a Silverpeak Real Estate Finance), a commercial real estate lending business and Silverpeak Strategic Partners, LLC, a commodities and energy-focused business.

Certain Silverpeak management persons and other persons affiliated with Silverpeak make proprietary real estate investments with, or provide real estate-related advice to, third parties. These investments, and any advice related thereto, are in real estate, not securities, and are structured as joint ventures.

Conflicts of interest within the Silverpeak organization, its management persons and affiliates are monitored by various oversight committees. The Funds and the current SP SMA each have their own oversight committees. All of the oversight committees referenced above are collectively herein referred to as the "Oversight Committees". It is the responsibility of each Oversight Committee member to advise their committee of perceived conflicts of interest that are known to them, which will then seek to address, mitigate and/or disclose the conflict as determined in their sole judgment.



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

- (A) Silverpeak maintains a code of ethics (the “Code”) that applies to each Employee (defined as, generally, any partner, officer or director of Silverpeak and any employee or other supervised person of Silverpeak, including its subsidiaries and affiliates). The Code requires compliance with all applicable laws and regulations, including federal securities laws; acting in the best interests of the Firm’s Clients at all times; avoiding actual and potential conflicts of interests; complying with certain restrictions on personal trading and prompt reporting of violations of the Code. The Code requires Employees to safeguard confidential information entrusted to Silverpeak by its Clients, Investors or related parties, information regarding Silverpeak’s businesses and activities, and/or information about other Employees. The Code also prohibits insider trading and tipping and addresses anti-money laundering and certain potential conflicts of interest. In the event of a conflict of interest that is not otherwise addressed by the applicable governing documents, Silverpeak will be guided by its fiduciary responsibilities, compliance policies and procedures and good faith judgment as to the best interests of the Clients.

Silverpeak’s Code also requires Employees to, among other things: 1) pre-clear certain personal securities transactions; 2) report personal securities transactions on at least a quarterly basis; and 3) provide Silverpeak with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such Employee has a direct or indirect beneficial interest.

Silverpeak has adopted a privacy policy that explains the manner in which the Firm collects, utilizes and maintains nonpublic personal information about Clients, as required under federal legislation. Silverpeak may make changes to its privacy policy in the future. Silverpeak will not make any change affecting an individual without first sending that individual a revised privacy policy describing the change.

- (B-D) Silverpeak and/or its employees, management persons or affiliates may invest in the same securities as Clients, or contemporaneously with Clients, in the following types of circumstances:

- (a) Certain Employees and/or management persons of Silverpeak have made investments in the Funds as limited partners. Employees of Silverpeak and/or the respective General Partners have participated in the Funds’ investment programs by agreeing to commit a certain percentage of the Funds’ total capital commitments or a certain amount as defined in the Funds’ governing documents;



- (b) Certain Employees and/or management persons of Silverpeak have an interest in some of the General Partner entities; and
- (c) For the SP SMA, the Relying Investment Adviser invests side-by-side with the SP SMA.

To the extent these investments may present a conflict of interest, the relevant Oversight Committee will seek to address, mitigate and/or disclose the conflict as determined in their sole judgment.

A copy of the Silverpeak Code will be provided to a Client or Investor or prospective client or investor upon request.

Item 12. Brokerage Practices:

Silverpeak focuses on making investments in private securities, thus it does not ordinarily deal with any financial intermediary such as a broker-dealer, and brokerage commissions are not ordinarily payable in connection with such investments. To the limited extent Silverpeak transacts in publicly-traded securities or currency hedging instruments, it intends to select brokers based upon best price and execution capabilities. Silverpeak has discretionary authority over the Clients' accounts, subject to the Clients' investment objectives and restrictions, including the buying and selling of securities and the amount of securities to be bought or sold. Although Silverpeak generally seeks competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions and equivalents than would be the case for more routine services. Silverpeak does not participate in any soft dollar arrangements outside of receiving research available to other institutional investors, however, such research is not paid for with commission dollars. To the best of Silverpeak's knowledge, these services are generally made available to institutional investors generally doing business with such broker-dealers. Silverpeak may aggregate transactions across accounts in accordance with each Client's respective governing documents. Further detail around the selection of broker-dealers and aggregation of orders is described below.

- (A) **Selection of Broker-Dealers:** Silverpeak is authorized to determine the broker-dealer to be used for each securities transaction for Clients. In selecting broker-dealers to execute transactions, the Firm need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. In selecting brokers and negotiating commission rates, the Firm will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. It is not the Firm's practice to negotiate "execution only" commission rates, thus Clients may be deemed



to be paying for research, brokerage or other services provided by the broker that are included in the commission rate.

“Soft Dollar” Policy: The Firm does not currently utilize “soft dollars.” To the extent the Firm uses soft dollars on behalf of Clients, it will seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

Aggregation of Orders:

Generally, hedging transactions may be effected independently or on an aggregated basis. The Firm anticipates that it may decide to purchase or sell the same securities for several Clients at approximately the same time. Thus, a hedging transaction for several Partnerships in a Fund will be aggregated and then apportioned in accordance with the procedure outlined below. In addition, while the Firm’s trading in publicly-traded equity securities has been, and is anticipated to remain, minimal and limited to sales of positions attained as part of a realization of a real estate investment, it is possible that transactions in publicly traded equities may be aggregated for multiple Clients in accordance with the procedure outlined below.

The Firm will aggregate orders when it believes aggregation may prove advantageous to Clients. Typically, the process of aggregating Client orders is done in order to seek to achieve better execution, to negotiate more favorable commission rates or to allocate orders among Clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and execution cost and will be allocated among the Firm’s Clients in proportion to the purchase and sale orders placed for each Client account on any given day. When the Firm aggregates Client orders for the purchase or sale of securities, including securities in which its associated person(s) may invest, the Firm will do so in a fair and equitable manner. It should be noted that Firm does not receive any additional compensation or remuneration as a result of aggregation.

The relevant Oversight Committee will monitor aggregated trading in Client accounts.

Item 13. Review of Accounts:

Generally, the Clients’ investments are reviewed on an ongoing basis by the applicable Oversight Committee. These reviews are designed to monitor and analyze Client transactions, positions, and investment levels. Particular attention is given to changes in company fundamentals, industry outlook, market outlook, and price levels.



Silverpeak provides reports as required by the applicable governing documents for each Client. As a result, in general, each quarter Silverpeak issues an unaudited quarterly capital account summary in addition to a quarterly report for the Partnerships and the SP SMAs. The quarterly report typically includes the following: summary of portfolio holdings by asset type and geography; unaudited financial statements, including a balance sheet; statement of changes in partners' capital, and; statement of operations. Each Investor also will receive the following: (i) annual financial statements, audited by an independent certified public accounting firm; (ii) copies of such Investor's Schedule K-1; and (iii) other reports as determined by the Firm or an affiliate of the Firm in its sole discretion. Additionally, within 120 days of year-end, the Investors receive GAAP-compliant audited financial statements. Further, the Named Investment Adviser may hold periodic conference calls and an annual meeting with the Investors to provide a comprehensive review of the performance of the portfolio investments. Silverpeak may by agreement provide additional information or reports to certain Clients or Investors.

Item 14. Client Referrals and Other Compensation:

- (A) Silverpeak does not receive any economic benefit associated with advising Clients from any non Clients.
- (B) During a fundraising cycle, placement agents who introduce new Investors that commit capital may be compensated. The amount paid to placement agents is based on a negotiated fee and all placement fees will be fully disclosed to Investors referred by placement agents as required by law or other agreements with Investors.

Item 15. Custody:

Pursuant to applicable regulation, The Named Investment Adviser and Relying Investment Adviser are deemed to have custody of the cash and securities of the Partnerships and SP SMAs, respectively. Such cash and securities are held by independent qualified custodians. The Partnerships and the SP SMAs are subject to an annual audit and the audited financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America and distributed within 120 days post year end.

Item 16. Investment Discretion:

As described in the Private Placement Memoranda and other governing documents for each respective Client, Silverpeak generally provides investment advisory services on a discretionary basis to such Clients. Any limitations on authority are included in the applicable Private Placement Memoranda and other governing documents. See Item 4 above for additional information.



Item 17. Voting Client Securities:

A majority of the portfolio companies held by the Clients are private companies which typically do not issue proxies. To the extent the Named Investment Adviser or Relying Adviser is required to vote proxies for a publicly-traded company, it does so in the best interests of the Funds or the SP SMAs, respectively. The applicable Oversight Committee will be responsible for voting any proxies received.

In the event a material conflict of interest is brought to the attention of Silverpeak and the applicable Oversight Committee and it is determined, in their sole discretion, that the proxy will not be able to be voted in an objective manner, Silverpeak may engage the services of an outside proxy voting service or third-party consultant who will independently review and evaluate the proxy proposal and the circumstances surrounding the conflict to determine how to vote the proxy in the best interest of the Client(s). Silverpeak understands the difficulty of predicting and identifying all material conflicts; as such, it must rely on employees to notify it of any material conflict that may impair its ability to vote proxies in an objective manner. Silverpeak's chief compliance officer and Asset Management Committee (or other appropriate Oversight Committee) will determine whether the conflict of interest involving the proxy will be disclosed to its Clients (and/or Investors) and whether to obtain consent prior to voting.

Clients may obtain a copy of the proxy voting policies and procedures upon request.

Item 18. Financial Information:

- (A) The Named Investment Adviser solicits prepayment of more than \$1200 in fees per Client six months or more in advance, and thus provides an attached balance sheet.



Silverpeak Real Estate Partners L.P. and Subsidiaries
Consolidated Balance Sheets
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash and Cash Equivalents	\$ 13,783,364	\$ 3,766,294
Restricted Cash	-	283,198
Accounts Receivable	5,819,638	4,078,162
Prepaid Expenses	103,242	233,521
Other Assets	40,870	212,587
Due from Affiliates	3,653,876	3,833,973
Property and Equipment, net	312,908	1,069,810
Security Deposits	28,528	589,512
Total Assets	<u>\$ 23,742,426</u>	<u>\$ 14,067,057</u>
Liabilities and Partners' Capital		
Liabilities		
Accounts Payable, Accrued Expenses and Other Liabilities	\$ 3,076,027	\$ 4,586,649
Deferred Revenue	-	42,698
Total Liabilities	<u>3,076,027</u>	<u>4,629,347</u>
Partners' Capital	20,666,399	9,437,710
Total Liabilities and Partners' Capital	<u>\$ 23,742,426</u>	<u>\$ 14,067,057</u>