

SCIP Capital Management, LLC

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Part 2A of Form ADV: Firm Brochure

March 27, 2015

This Brochure provides information about the qualifications and business practices of SCIP 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.

SCIP 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.

Material Changes

We last filed an annual update to this Brochure on September 12, 2014 and have not updated this Brochure since that annual update.

While this update to our Brochure contains changes and updates to certain information, there are no material changes to report. However, clients and prospective investors or clients should review this Brochure carefully.

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 persons affiliated with SCM who are registered, or are required to be registered, as investment adviser representatives of SCM.

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Advisory Business

Our Organization

SCIP 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 together may be referred to as “we” or the “Silverfern Advisers”.

Principal Owners

Each of SCM and SRM is a two member limited liability company, the members of which are Clive R. Holmes and Reeta Kapani Holmes. Mr. Holmes has been the owner of SCM and SRM since its formation and Ms. Kapani Holmes for each of SCM and SRM since January 1, 2014. Mr. Holmes and Ms. Kapani Holmes are control persons of SCM and SRM.

Types of Services Offered

The Silverfern Advisers provide certain management and administrative services to certain single-purpose limited partnerships and separate accounts (each an “Investment Partnership”, and collectively, the “Investment Partnerships”), interests in which are privately placed with accredited investors or qualified purchasers under a program known as Silverfern Co-Investment Partners (for private equity investments) and Silverfern Real Estate Partners (for real estate investments). The interests in the 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. The Silverfern Group, Inc. (“Silverfern”), an affiliate of the Silverfern Advisers and a registered broker-dealer, participates in the sales of such Investment Partnership interests. SCM originates proprietary private equity or similar co-investment opportunities across a wide range of transaction types, including leveraged buyouts, recapitalizations, growth equity investments, and leveraged build-ups. SRM originates proprietary real estate investment opportunities across asset classes including multi-family, retail, office, industrial and hospitality. The Silverfern Advisers organize Investment Partnerships to provide accredited investors or qualified purchasers the opportunity to co-invest alongside certain private equity firms and/or institutional real estate owners and/or other capital sources (each, a “Lead Sponsor”) in a transaction (or series of related transactions) with respect to a target investment, and determined by the relevant Silverfern Adviser, in its sole discretion, to be appropriate for the

Investment Partnership. The only advisory clients of the Silverfern Advisers are the Investment Partnerships.

Each Silverfern Adviser generally provides investment advisory services to each 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 Silverfern Adviser to an 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 Investment Partnership as to disposition opportunities.

These 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 (the “Investment Company Act”) in reliance on certain exemptions thereunder. A description of each Investment Partnership and the terms of an investment therein is set forth in the confidential offering materials for the Investment Partnership. The relevant Silverfern Adviser or its related entities also may enter into side letter agreements with certain investors in the Investment Partnerships, establishing rights under, or supplementing or altering the terms of, the applicable limited partnership agreements and subscription agreements relating to such Investment Partnerships with respect to such investors. While the relevant Silverfern Adviser has no obligation to offer all such additional rights, terms or conditions to any other investor in such Investment Partnerships, the relevant Silverfern Adviser generally discloses such arrangements to all limited partners of the relevant Investment Partnership. Once invested in an Investment Partnership, investors cannot impose additional investment guidelines or restrictions on such Investment Partnership.

SCM has entered into an agreement with Citi Private Bank and its global affiliates to privately place interests in Investment Partnerships with such institution’s high net worth clients who are accredited investors or 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, 2014, SCM managed client assets on a discretionary basis in the amount of \$151.5 million and does not manage client assets on a non-discretionary basis. As of December 31, 2014, SRM managed client assets on a discretionary basis in the amount of \$25.4 million and does not manage any assets on non-discretionary basis.

Fees and Compensation

Structuring Fee: The relevant Silverfern Adviser charges a one-time structuring fee to all investors in connection with their participation in their first Investment Partnership (the “Structuring Fee”). The Structuring Fee is non-refundable and is capitalized into the investor’s capital account for such first Investment Partnership. The Structuring Fee is non-negotiable.

Management Fee: As consideration for services relating to the evaluation, procurement and management of the investments, the investors in each Investment Partnership are issued capital calls, quarterly in advance, for management fees due to the relevant Silverfern Adviser (the “Management Fee”) in an aggregate amount equal to (i) two percent (2.00%) per annum of such investor’s capital commitments to the Investment Partnership during the commitment period (5 years from the initial closing of the Investment Partnership) and (ii) after the expiration of the commitment period and with respect to each investor, two percent (2.00%) per annum of such investor’s capital contributions to the Investment Partnership, including (if applicable) any such capital contributions that have been returned to such investor. The Management Fee is non-negotiable.

The Management Fee for any period in which a Silverfern Adviser 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 Investment Partnership and its assets were managed by the relevant Silverfern Adviser during the period. Upon termination of an investment management services agreement by the relevant Silverfern Adviser, any prepaid, unearned Management Fees will be promptly refunded, and any earned, unpaid Management Fees will be due and payable.

Each Silverfern Adviser’s Management Fees are exclusive of any brokerage commissions, transaction fees, and other related costs and expenses incurred by the investor. Investors in each Investment Partnership receive capital calls for operating expenses incurred on their behalf by the Investment Partnership on a quarterly basis. Each 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.

Carried Interest: In addition to the Structuring Fee and the Management Fee payable to the relevant Silverfern Adviser, the general partner of each Investment Partnership is entitled to receive a performance allocation (the “Carried Interest”) calculated on a cumulative basis of up to twenty percent (20.00%) of the realized profits earned from investments by the 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 Investment Partnership. The Carried Interest is not allocated to the general partner until proceeds are realized from an investment. The Carried Interest is non-negotiable.

Reimbursements are payable to the relevant Silverfern Adviser by each Investment Partnership for Operating Expenses (quarterly), Investment Expenses (one-time, relating to the costs incurred 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 Investment Partnership and its affiliated entities). These expense reimbursements are disclosed to investors in the relevant offering documents and/or limited partnership agreement for each

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 Investment Partnership on a pro-rata basis and are non-negotiable.

Operating Expenses generally relate to the Investment Partnership's activities, operations and meetings (other than expenses resulting from the fraud, gross negligence or willful misconduct of its general partner or the relevant Silverfern Adviser) including, without limitation, fees, costs and expenses directly related to custodians, consultants, outside counsel, accountants and auditors; the cost of insurance; any taxes (including tax return preparation and filing fees), fees or other governmental charges levied against the Investment Partnership; expenses relating to any audit, investigation, governmental inquiry or public relations undertaking; and the costs and expenses of any litigation relating to the activities or operation of the Investment Partnership and the amount of any judgments or settlements paid in connection therewith, relating to the business, activities and interests of the Investment Partnership.

Certain existing investors (the "Anchor Investors") have signed side letters with terms different from those disclosed above. Anchor Investors may be charged lower Management Fees and may attract lower Carried Interest based on the aggregate amount of capital invested across all Investment Partnerships into which such Anchor Investor has invested with the relevant Silverfern Adviser. Anchor Investors pay their pro-rata share of all other expenses in each Investment Partnership in which they invest.

Professionals of a Silverfern Adviser who are also registered representatives of Silverfern may share in the receipt of transaction fees paid by Lead Sponsors in connection with Silverfern's services in introducing the investment to a Lead Sponsor. The relevant Silverfern Adviser will not receive any portion of such transaction fees, however the transaction fee may provide an incentive for the relevant Silverfern Adviser to recommend a transaction to prospective investors. Silverfern seeks to address this conflict of interest by not making its transaction fee contingent on the investment decision by the relevant Silverfern Adviser Investment Committee, and by having an independent voting member on the relevant Silverfern Adviser Investment Committee who is not able to share in such transaction fees.

From time to time, investors may have the option of participating in co-investments with the relevant Silverfern Adviser 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 Silverfern Adviser.

Performance-Based Fees and Side-By-Side Management

As noted in Item 5 above, the general partners of the Investment Partnerships are entitled to receive Carried Interest. The relevant Silverfern Adviser will not receive any portion of the Carried Interest; however, certain investment professionals of the relevant Silverfern Adviser 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 Silverfern Adviser with the interests of the limited partners, it may also create an incentive for the relevant Silverfern Adviser 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 Silverfern Adviser acts in good faith to ensure that: 1) the limited partners in the Investment Partnerships are treated fairly and equitably; and 2) that the relevant Silverfern Adviser meets its general fiduciary obligation to act in the best interests of its clients.

Types of Clients

The only advisory clients of the Silverfern Advisers are certain single-purpose limited partnerships (each an “Investment Partnership”, and collectively, the “Investment Partnerships”), interests in which are privately placed with accredited investors or qualified purchasers under a program known as Silverfern Co-Investment Partners (for private equity co-investments) and Silverfern Real Estate Partners (for real estate co-investments). The interests in the 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. Investors may include, among others, high net worth individuals, trusts, estates, corporations, limited partnerships and limited liability companies.

These 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 (the “Investment Company Act”) in reliance on certain exemptions thereunder. A description of each Investment Partnership and the terms of an investment therein is set forth in the confidential offering materials for the Investment Partnership.

The minimum investment in each Investment Partnership is \$500,000 per investor, although the relevant Silverfern Adviser may elect to accept such smaller investment amounts as it determines in its sole discretion.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

A. SCM:

SCM's investment strategy is to co-invest, on behalf of an Investment Partnership, in proprietary investment opportunities with Lead Sponsors in primarily control-oriented private equity investments in middle-market companies across various industry sectors, geographies, Lead Sponsors, and transaction types. The investment opportunities in which SCM co-invests typically are originated by SCM, but SCM may consider other co-investment opportunities.

SCM considers a wide range of transaction types, including leveraged buyouts, recapitalizations, growth equity investments, and leveraged build-ups, with co-investment equity amounts typically ranging from \$25 million to \$150 million per deal (of the \$100 million to \$750 million of total equity typically invested per deal). SCM does not limit the potential investment opportunities it considers to any particular part of the world.

In evaluating potential investments, SCM conducts extensive 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.

B. SRM:

SRM's investment strategy is primarily to co-invest, on behalf of an Investment Partnership, in proprietary investment opportunities with top-performing Lead Sponsors in primarily control-oriented real estate investments across a) asset classes including multi-family, retail, office, industrial and hospitality; b) geographies; c) Lead Sponsors; and d) transaction types. While SRM intends to focus primarily on co-investment transactions, it may lead investments. The investment opportunities in which SRM co-invests typically are originated by SRM, but SRM may consider other real estate co-investment opportunities.

SRM considers a wide range of transaction types, including equity joint-ventures, equity or debt investments in operating companies and/or assets, alongside other investors primarily in non-controlling positions in a wide variety of investment structures, with co-investment equity amounts typically ranging from \$15 million to \$75 million per deal (of the \$30 million to \$300 million of total equity typically invested per deal). SRM does not limit the potential investment opportunities it considers to any particular part of the world.

In evaluating potential investments, SRM conducts extensive 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.

The investment strategies described above for each of the Silverfern Advisers involve a substantial degree of risk, and the 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 Investment Partnership's offering materials.

Risk of Loss

General. Prices of securities of the underlying company and/or asset in certain 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 an 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 Investment Partnership. Past performance of investment entities associated with the principals or officers of the relevant Silverfern Adviser or their affiliates is not necessarily indicative of future results and provides no assurance of future success.

Lack of diversification. Each Investment Partnership is expected to co-invest in one portfolio company, asset or strategy only. Accordingly, each Investment Partnership's aggregate return is entirely dependent on the performance of that single portfolio company.

Dependence on Key Personnel. The success of the Investment Partnerships will be highly dependent on the financial and managerial expertise of the principals of the relevant Silverfern Adviser 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 Investment Partnerships to realize their investment 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 Silverfern Adviser's due diligence.

Economic Risk. The performance of an 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 Investment Partnership's general partner or the relevant Silverfern Adviser.

Risks Associated with Foreign Investments. The relevant Silverfern Adviser offers co-investment opportunities in both United States and non-U.S. companies. Investing outside the United States may involve substantially greater risks than investing in the United States. Investments in the securities of foreign issuers may be restricted or controlled to varying degrees, and require consideration of certain risks typically not associated with investing in US securities or property, including, among other things, trade balances and imbalances and related economic policies, potential price volatility in, and relative illiquidity of, some non-US securities markets, unfavorable

currency exchange rate fluctuations, imposition of exchange control regulation by the US or foreign governments, US, foreign or other withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, and political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

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

Illiquidity of Limited Partner Interests. The limited partner interests in each Investment Partnership are expected to be issued in reliance upon certain exemptions from registration or qualification under applicable U.S. federal and state securities laws and other non-U.S. securities laws and regulations in each jurisdiction in which such interests are offered and/or sold and, accordingly, will be subject to certain restrictions on transferability. There will be no public market for the interests in the Investment Partnerships, and none is expected to develop. Interests in the Investment Partnerships constitute illiquid investments and may therefore be difficult to value and to sell or otherwise liquidate.

Legal, Tax and Regulatory Risks. An investment in an 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 an Investment Partnership, including amongst other considerations the possibility that the 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 Investment Partnership that may adversely affect the Investment Partnership.

Conflicts of Interest. Instances may arise where the interests of the general partner of an Investment Partnership may potentially or actually conflict with the interests of the Investment Partnership and its investors. For example, the existence of the general partner's 20 percent carried interest in the Investment Partnership may create an incentive for the general partner to make investments on behalf of an Investment Partnership that are riskier or more speculative than might be the case in the absence of performance-based compensation. Additionally, professionals of the relevant Silverfern Adviser and its affiliates may co-invest in the Investment Partnerships. While the relevant Silverfern Adviser believes that when it co-invests in an Investment Partnership, its interests generally are aligned with the interests of other investors, it is possible that co-investment may lead to a conflict of interest. Notwithstanding these potential conflicts, the relevant Silverfern Adviser will select potential investments that it believes in good faith to be in the best interests of the relevant Investment Partnership and appropriate to meet its investment objectives, as disclosed in its offering and organizational documents.

Market Conditions. Each Investment Partnership will be materially affected by conditions in the financial markets and economic conditions throughout the world, including interest rates, availability and terms of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances, and such conditions may adversely its performance.

Non-Controlling Investments. An 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 Investment Partnership to voting rights, and, therefore, the Investment Partnership may have a limited ability to protect its investment in such portfolio company.

Risks Associated with Publicly-Traded Securities. An 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.

Extensive Government Regulation. Certain Investment Partnerships invest in companies in industries subject to extensive government regulation, which creates additional uncertainty and risks for the relevant Investment Partnership. Obtaining regulatory approval may be a lengthy and expensive process with an uncertain outcome. Portfolio companies and/or assets may be unable to obtain necessary regulatory or permitting approvals on a timely basis, if at all, which could materially and adversely affect portfolio company success.

Uncertainty Regarding Investments. Although the relevant Silverfern Adviser 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 Silverfern Adviser 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.

Increased Regulatory Scrutiny. The financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense and increasing regulation and regulatory oversight. Such scrutiny may increase the relevant Silverfern Adviser's and an Investment Partnership's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may impose administrative burdens on the relevant Silverfern Adviser, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the relevant Silverfern Adviser's time, attention and resources from portfolio management activities. It is anticipated that, in the normal course of business, the relevant Silverfern Adviser's officers will have contact with governmental authorities and/or be subjected to responding to inquiries or examinations. The relevant Silverfern Adviser may also be subject to regulatory inquiries concerning securities positions held by an Investment Partnership.

Indemnification. Each Investment Partnership will be required to indemnify its general partner and its affiliates, and their respective officers, directors, agents, stockholders, members and partners for liabilities incurred in connection with the affairs of the Investment Partnership. Such liabilities may be material and may have an adverse effect on the returns to investors. If the assets of the Investment Partnership are insufficient, or if the indemnification obligation of the Investment

Partnership arises after the term of the Investment Partnership, the general partner under certain circumstances may recall a portion of the distributions previously made to investors.

Hedging Policies and Risks. In connection with the funding of certain co-investments, the Investment Partnership may employ hedging techniques designed to reduce the risks of such investments, including, without limitation, adverse movements in interest rates, securities prices and currency exchange rates. However, an Investment Partnership is not required to employ hedging techniques in connection with its investments, and may be unable to anticipate all risks against which hedges could be employed. Hedging transactions have inherent risks, including the possible default by the counter-party to the transaction and the illiquidity of the instrument acquired by an Investment Partnership relating thereto. Although hedging transactions may reduce an Investment Partnership's exposure to, among other things, losses from currency fluctuations or decreases in the value of investments, the costs and risks associated with these arrangements may reduce the returns an Investment Partnership.

Broken Deal Costs. The relevant Silverfern Adviser may terminate a co-investment process, in its reasonable opinion, if material information is disclosed during the relevant Silverfern Adviser's due diligence process that invalidates the investment rationale for such co-investment. If the investor had applied to subscribe to that co-investment, the investor will be liable for a pro-rata portion of certain expenses incurred by the relevant Silverfern Adviser 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 co-investment.

General Risks Associated with Joint Ventures. The relevant Silverfern Adviser may cause the 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 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 Investment Partnership or otherwise be in a position to take (or block) actions in a manner contrary to the relevant Silverfern Adviser's and the applicable 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 Investment Partnership may also be liable for actions of its co-venturers. It may also be more difficult for the applicable 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 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 Silverfern Adviser may cause the Investment Partnerships to effect transactions through joint ventures or other structures which may subject the applicable Investment Partnership to multiple layers of fees and expenses more typical to "fund-of-funds" co-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 a Lead Sponsor or other co-investor, the payment of management (or similar fees) to a Lead Sponsor or other co-investor and/or sharing in the general expenses and/or liabilities of each co-investment vehicle. All of such expenses and liabilities may reduce the capital available for investment and/or require the return of proceeds previously distributed.

Leverage; Granting of Security Interests. The relevant Silverfern Adviser may cause an Investment Partnership to employ leverage. The use of leverage involves a high degree of risk, and increases the exposure of investments to adverse risks and other economic factors normally associated with debt financing, including, without limitation, rising interest rates, downturns in the economy generally, deteriorations in the conditions of investments, ability to refinance a real estate asset, and the insufficiency of cash flow to meet principal and interest payments. Further, any such loan agreements may generally impose a number of operating and financial restrictions on such investments and/or the entities through which such investments are made. Such restrictions could affect, among other things, the ability to incur additional indebtedness, pay dividends, issue securities, repay indebtedness prior to stated maturity, create liens, sell assets or engage in mergers or acquisitions, make certain capital expenditures and make investments in operating subsidiaries and/or real estate. Leveraging one or more of the capital structures could significantly reduce or

even eliminate the value of equity invested in such real estate and real estate-related investments, and means that third parties, such as banks, may be entitled to the cash flow from such investments prior to the applicable Investment Partnership receiving a return. Moreover, loan agreements may require, among other things, a pledge of direct and/or indirect interests in leveraged investments and/or entities through which such investments are made, including a pledge of assets and/or equity interests in operating subsidiaries, in each case as security for one or more lenders. If a real estate property or real estate properties are mortgaged to secure payment of indebtedness and such mortgage payments are not made, such properties could be foreclosed upon by the mortgagee or otherwise transferred to the mortgagee. Similarly, an event of default under borrowings by entities directly and/or indirectly investing in real estate assets may result in the foreclosure on those equity interests and assets pledged. If the applicable entities and/investments cannot generate adequate cash flow to meet their respective debt obligations, a partial or total loss of capital invested could be suffered.

Role of Real Estate Professionals. The success of certain Silverfern Advisers' real estate strategies will depend in part upon the skill and management expertise of Lead Sponsors' 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. Further, conflicts of interest may arise in allocating management time, services or functions.

Real Estate Risks Generally. The Investment Partnerships (and the investors with interests therein) will 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 such investments are located, may negatively impact the performance of investments. 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 applicable Investment Partnership may directly and/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; federal 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 relevant Silverfern Adviser, a Lead Sponsor 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 or the repayment of any debt investments. Accordingly, investment objectives may not be realized. Certain expenditures associated with real estate 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 applicable Investment Partnership 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; Operators and Other Partners. The activity of identifying, completing and realizing attractive 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 on terms that are attractive. The applicable Investment Partnership and/or Lead Sponsor 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. Competition may also be 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 and real estate-related assets, including distressed real estate assets. Additional real estate funds and REITs with similar investment objectives may be formed by other unrelated parties and further consolidations may occur (resulting in larger funds and vehicles). In addition, implementing an investment may depend on the ability to enter into satisfactory relationships with other joint venture partners or local operating partners with whom the applicable Investment Partnership and/or Lead Sponsor may partner with from time to time. There can be no assurance that any relationship with other such persons will be able to be established 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.

Risks of Acquiring Real Estate Property. Investments are subject 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 rental payments are received under a replacement lease. During that period, the applicable Investment Partnership and/or other investors will continue to bear fixed expenses such as interest, real estate taxes, maintenance and other operating expenses. In addition, declining economic conditions may impair the 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 capital improvements to properties which would not have otherwise been planned. Any unbudgeted capital improvements may divert cash that would otherwise be available for distribution to their respective direct and/or indirect investors (including the applicable Investment Partnership).

Ultimately, to the extent that unable to renew leases or re-let space as leases expire, decreased cash flow from tenants will result, which could adversely impact operating results.

Investments 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 acquirer 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, an investor may 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, the applicable Investment Partnership and/or other investors 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 the ability to collect rent payments and, accordingly, on the ability to make distributions to direct and/or indirect investors (including the applicable Investment Partnership). 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. A Silverfern Adviser may cause one or more Investment Partnerships to make direct and/or indirect 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. The purchase of, or loans with respect to, properties under development and construction, is 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 applicable Investment Partnership and/or Lead Sponsor. 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 periodic progress payments or other advances to contractors prior to completion are made. Such payments may be unable to be recovered 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, 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.

Investments in Multifamily Properties. A Silverfern Adviser may cause one or more Investment Partnerships to make direct and/or indirect 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, such as the tenant population being heavily dependent on workers from energy and energy-related businesses; 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; state 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

condominium units in the local market that are being rented until economic conditions in the condominium market improve. If any of such risk factors are heightened or the conditions associated with such risk factors deteriorate in the continuing economic crisis, investments in multifamily properties may incur losses.

In addition, 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 U.S. federal, state and/or local regulation of the landlord-tenant relationship, some counties 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 Silverfern Adviser may cause one or more 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. A Silverfern Adviser may cause one or more Investment Partnerships to make direct and/or indirect 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 or shopping malls, 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 and shopping centers; 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 Silverfern Adviser may cause one or more 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 Silverfern Adviser may cause one or more 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 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. A Silverfern Adviser may cause one or more Investment Partnerships to be exposed to substantial risk of loss from environmental claims arising from 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 federal, state and local 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 investments. Environmental claims with respect to a specific investment may exceed the value of such investment, and under certain circumstances, subject the other assets of investors 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. A Silverfern Adviser may cause one or more Investment Partnerships to make investments that are based, in part, on the premise that real estate and real estate-related assets will be available for purchase at prices considered favorable and, in part, on the premise that favorable market conditions for timely and favorable dispositions of real estate and real estate-related assets will exist. Generally, real estate and real estate-related assets are highly illiquid, and are generally difficult to acquire or sell quickly. As a result, there may be limited flexibility to vary a portfolio of such investments promptly in response to changes in economic or other conditions. Further, no assurance can be given that real estate and real estate-related 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 relevant Silverfern Adviser, the applicable Investment Partnership and/or Lead Sponsor.

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 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 Investment Partnership and distributions by the applicable 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.

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.

Other Financial Industry Activities and Affiliations

The principals and other persons associated with the relevant Silverfern Adviser are registered with The Silverfern Group, Inc., (CRD no. 119266) (“Silverfern”), which is a broker-dealer registered with the Securities and Exchange Commission. SCM, SRM and Silverfern share common ownership. Silverfern is principally engaged in the merchant banking business, among other things introducing proprietary investment opportunities to private equity firms worldwide and participating in the sales of Investment Partnership interests.

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

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

Relationship with Silverfern. Silverfern typically receives a fee upon the completion of a transaction. The relevant Silverfern Adviser will not receive any portion of such transaction fees, however where an Investment Partnership makes its co-investment in a portfolio company in connection with a transaction for which Silverfern receives a fee, the potential receipt of a fee by Silverfern may provide an incentive for the relevant Silverfern Adviser to participate in a transaction in which it otherwise would not participate if the affiliated broker-dealer did not benefit from the transaction, as the relevant Silverfern Adviser professionals who are also registered representatives of Silverfern may directly or indirectly share in the receipt of transaction fees paid by Lead Sponsors or investors in the Investment Partnerships in connection with Silverfern’s services. The conflict is managed by having an independent voting member on the relevant Silverfern Adviser Investment Committee who is not able to share in such transaction fees.

Allocation of Personnel. The relevant Silverfern Adviser and its affiliates will devote as much time as they consider necessary to conduct the business affairs of the Investment Partnerships in an appropriate manner. However, personnel of the relevant Silverfern Adviser also work on other projects, and, therefore, conflicts may arise in the allocation of personnel.

Other Fees. The relevant Silverfern Adviser may engage and retain strategic advisers, consultants, and other similar professionals who are not employees or affiliates of the relevant Silverfern Adviser and who may, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or assets.

Investor Side Letters. The relevant Silverfern Adviser may enter into “side letters” with certain investors in the Investment Partnerships. Such investors may be charged lower Management Fees and may attract lower Carried Interest based on the aggregate amount of capital invested across all Investment Partnerships into which such Anchor Investor has invested with the relevant Silverfern Adviser. Anchor Investors pay their pro-rata share of all other expenses in each Investment Partnership in which they invest. A more detailed description of applicable conflicts of interest is set forth in the offering documents for each Investment Partnership.

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

The relevant Silverfern Adviser has 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, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at the relevant Silverfern Adviser must acknowledge the terms of the Code annually, or as amended.

Description of the relevant Silverfern Adviser’s Code of Ethics

Each of SCM and SRM has adopted the Code pursuant to SEC rule 204A-1, for the purposes of establishing the standards of business conduct and fostering a culture of honesty and accountability and assisting those covered by the Code to comply with the Advisers Act. The Code is applicable to all supervised persons of the firm and is available to any investor or prospective investor by contacting the relevant Silverfern Adviser in writing and requesting a copy of SCM’s Code of Ethics. Please send written requests for SCM to: SCIP Capital Management, LLC, 599 Lexington Avenue, 47th Floor, New York, NY 10022 Attention: John R. Cattau. Please send written requests for SRM to: SREP Capital Management, LLC, 599 Lexington Avenue, 47th Floor, New York, NY 10022 Attention: John R. Cattau.

The Code of Ethics contains policies which address the following topics:

Compliance with Federal Securities Laws

Supervised persons are required to comply with all applicable laws in the jurisdictions in which the relevant Silverfern Adviser does business, including the U.S. federal securities laws.

Standards of Business Conduct

Consistent with the fiduciary obligations owed to clients, supervised persons are required to act fairly and in the best interest of clients.

Conflicts of Interest

The Code addresses conflicts of interest that may arise in the course of conducting the relevant Silverfern Adviser’s business and requires that all supervised persons endeavor to avoid situations that present potential or actual conflicts. Among other things, the Code prohibits certain personal business activities by supervised persons without prior approval, and provides that supervised persons should not engage in activities that might influence or appear to influence decisions made by a supervised person in business transactions involving the relevant Silverfern Adviser. In addition to various trading restrictions, personal securities transactions are reviewed by the relevant Silverfern Adviser’s compliance personnel.

Treatment of Inside Information

The Code forbids supervised persons from trading, encouraging others to trade or recommending securities or other financial instruments based on material, non-public information. A supervised person in possession of material, non-public information is not permitted to: (i) buy or sell the securities of companies with respect to which such supervised person has non-public information or (ii) communicate the information outside of the relevant Silverfern Adviser except, if necessary, to any client (or any authorized agent of the client) or the general partner of any client.

Restrictions on Personal Investing and Related Activities

The relevant Silverfern Adviser imposes certain restrictions on personal investing and related activities designed to prevent conflicts of interest and to guard against the misuse of proprietary or confidential information. The relevant Silverfern Adviser maintains and updates a restricted list of securities. In addition, supervised persons are discouraged from engaging in personal trading on a scale that would distract such person from his or her daily responsibilities. Supervised persons are prohibited from investing in an issuer whose securities are under consideration for investment, or have been acquired by, any client of the relevant Silverfern Adviser, except, directly or indirectly, through the Investment Partnerships.

Supervised persons are required to receive pre-approval from the Chief Compliance Officer for SCM and SRM for acquiring direct or indirect beneficial ownership of any security sold in private offerings. The Code requires supervised persons to submit and initial quarterly securities transactions and annual holdings reports. In addition, supervised persons must direct their brokers to supply duplicate copies of all confirmations and monthly brokerage statements for all accounts maintained by the supervised person in which reportable securities are held. If duplicate copies of all confirmations and brokerage statements for all accounts maintained by the supervised person in which reportable securities are held are automatically delivered by the broker-dealer or other institution, supervised persons will not be required to deliver the quarterly securities transactions so long as these brokerage statements contain the same information and are supplied within the same 30-day period after the end of each calendar quarter.

Reporting of Violations and Sanctions

All supervised persons are required to promptly report all violations and apparent violations of the Code to the relevant Silverfern Adviser Chief Compliance Officer. A copy of the Code is available to any investor or prospective investor upon request.

Interest in Client Transactions

As in the relevant Silverfern Adviser's business generally, the relevant Silverfern Adviser will consider the implications of identified actual or potential conflicts of interest and will act in accordance with the relevant Silverfern Adviser's internal guidelines and procedures. Certain related persons of the relevant Silverfern Adviser (including individual members of the investment team who are registered representatives of Silverfern) may invest in the Investment Partnership and serve on the board of directors of a portfolio company and/or assets in which an Investment Partnership invests and, in such capacity, will have duties to both the investors of such company and to the Investment Partnership. In addition, the relevant Silverfern Adviser may have an incentive to

recommend to investors to invest in Investment Partnerships in which it or related persons of the relevant Silverfern Adviser, including individual members of the relevant Silverfern Adviser investment team who are registered representatives of Silverfern, have a financial interest due to the prospect of receiving Carried Interest as described in Item 5 above.

Each Silverfern Adviser anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which it has management authority to effect, and will recommend to investment advisory clients or prospective investors, the purchase or sale of securities in which the relevant Silverfern Adviser, its affiliates and/or clients, directly or indirectly, have a position or interest. The relevant Silverfern Adviser's employees and persons associated with the relevant Silverfern Adviser are required to follow the Code. The Code is designed to assure that the personal securities transactions, activities and interests of the employees of the relevant Silverfern Adviser will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of the relevant Silverfern Adviser's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code, and to reasonably prevent conflicts of interest between the relevant Silverfern Adviser and its clients.

It is the Silverfern Advisers' policy that the firm will not affect any principal or agency cross securities transactions for client accounts. the relevant Silverfern Adviser will also not engage in cross trades between client accounts. 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.

Brokerage Practices

For each of the Investment Partnerships, the relevant Silverfern Adviser 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 Silverfern Adviser 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 an 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 Silverfern Adviser will consider various factors, including: the reputation, experience and financial stability of the broker-dealer; the ability to maintain the relevant Silverfern Adviser’s anonymity; the ability to provide competitive pricing; the size and timing of the transaction; the ability and willingness to commit capital and provide prompt and accurate execution and settlement; whether the broker-dealer makes a market in a security and/or finds sources of liquidity; the nature of the market for the security and the difficulty of execution; the broker-dealer’s trading expertise, including its ability to minimize total trading costs and to trade without unduly impacting the market; the belief that the broker-dealer charges a fair and reasonable fee for each trade, and that the Investment Partnerships have been treated fairly and honestly in prior trades; and the quality of execution, quality of the broker-dealer relationship, quality of service rendered by the broker-dealer in prior transactions, and quality of any proprietary research and investment ideas.

The relevant Silverfern Adviser does not has 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 Silverfern Adviser, including: proprietary broker-dealer company research and analyses; oral and written reports, statistics and advice about the economy, industries and individual securities’ or company investment opportunities; and reports on underwriting activity, bank rates, loan defaults, loan new issuance volumes and other capital markets statistics, both of which may be attractive for one or more Investment Partnerships or to the relevant Silverfern Adviser; and opportunities to confer with company management. 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 Investment Partnerships in excess of those that other broker-dealers not providing such services might charge so long as the relevant Silverfern Adviser 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 Silverfern Adviser exercises investment discretion. Recognizing the value of the brokerage and research services provided, the relevant Silverfern Adviser 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 Silverfern Adviser 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 by, among other things, seeking to compare such commissions and terms with the commission rates and negotiated terms being charged by and entered into with other comparable broker-dealers. The relevant Silverfern Adviser will also periodically review the past performance

of the broker-dealers with whom it has placed orders to execute Investment Partnership transactions in light of the factors discussed above.

Review of Accounts

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

Reporting

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

Certain investors may request information relating to the Investment Partnership in which they are invested. If the requested information is readily available or may be obtained without unreasonable effort or expense, the relevant Silverfern Adviser generally provides the information requested. Consequently, these investors will possess information regarding the business and affairs of the Investment Partnership that may not be known to other investors. As a result, certain investors may be able to take actions on the basis of this information which, in the absence of such information, other investors do not take.

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 Silverfern Adviser or its affiliates (although other payment arrangements could exist) to solicit prospective investors in the 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 will be ultimately borne by the relevant Silverfern Adviser and neither the Investment Partnerships nor the investors in the Investment Partnerships will be charged any increased or additional fees or charges. 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.

Custody

The relevant Silverfern Adviser may have, or may be deemed to have, custody of certain funds or securities of the 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 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 Investment Partnerships are held in custody by unaffiliated broker/dealers or banks acting in the capacity as “qualified custodians”.

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

The 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 Investment Partnerships prepared in accordance with U.S. Generally Accepted Auditing Standards and deliver the audited financial statements directly to investors in such Investment Partnerships within 120 days of the end of the Investment Partnerships’ fiscal year. The audited financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles.

Investment Discretion

As of December 31, 2014, SCM managed assets on a discretionary basis in the amount of approximately \$151.5 million. As of December 31, 2014, SRM managed assets on a discretionary basis in the amount of approximately \$25.4 million. The relevant Silverfern Adviser has discretionary authority with respect to all the Investment Partnerships. Under the terms of a separate management agreement between the relevant Silverfern Adviser and each Investment Partnership, the relevant Silverfern Adviser received discretionary authority from the 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 Investment Partnership and the terms of the management agreement.

Voting Client Securities

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

It is the general policy of the relevant Silverfern Adviser 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 Silverfern Adviser 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 Silverfern Adviser, the costs associated with voting such proxy outweigh the benefits to the applicable Investment Partnerships or if the circumstances make such an abstention or withholding otherwise advisable and in the best interest of the applicable Investment Partnerships.

The relevant Silverfern Adviser'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 Silverfern Adviser's Chief Compliance Officer, which includes consideration of whether the relevant Silverfern Adviser 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 Silverfern Adviser'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 Silverfern Adviser'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, SCM maintains 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 Silverfern Adviser at (212) 209-8895 or by writing to SCIP Capital Management, LLC, or SREP Capital Management, LLC, as appropriate, Attention: John R. Cattau at 599 Lexington Avenue, 47th Floor, New York, NY 10022.

Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Neither Silverfern Adviser has any financial commitment or condition that does or is reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.