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ITEM 1: Cover Page

STERLING INVESTMENT MANAGEMENT, LLC

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This brochure provides information about the qualifications and business practices of Sterling Investment Management, LLC ("SIM" "Firm," or "Adviser"). If you have any questions about this brochure please contact:

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Additional information about Sterling Investment Management, LLC also is available on the SEC's website at: www.adviserinfo.sec.gov

ITEM 2: Statement of Material Changes

None

IMPORTANT NOTE ABOUT THIS BROCHURE

This Brochure is not:

- **An offer or agreement to provide advisory services to any person;**
- **An offer to sell interests (or a solicitation of an offer to purchase interests) in any SIM Fund;**
- **A complete discussion of the features, risks or conflicts associated with any SIM or Advisory Service;**
- **To be relied on in determining whether to invest or establish an advisory relationship.**

As required by the Advisers Act, the Firm provides this Brochure to current and prospective Clients and may also, in its discretion, provide this Brochure to current or prospective Investors in a SIM Fund, together with other relevant Offering Materials (such as subscription agreements, offering memoranda, operating agreements or advisory contracts), prior to, or in connection with, such persons' establishment or consideration of an investment advisory relationship with SIM or an investment in a SIM Fund. Additionally, this Brochure is available through the Securities and Exchange Commission's ("SEC's") Investment Adviser Public Disclosure website.

Although this publicly available Brochure describes investment advisory services and products of SIM, persons who receive this Brochure (whether or not from the Firm) should be aware that it is designed solely to provide information about SIM as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant Offering Materials. More complete information about each SIM Fund, as well as SIM's investment advisory services, is included in relevant Offering Materials, certain of which may be provided to current and eligible prospective Clients or Investors only by the Firm or an Administrator or Placement Agent. To the extent that there is any conflict between discussions herein and similar or related discussions in any Offering Materials, the relevant Offering Materials shall govern and control.

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ITEM 4: Advisory Business

a) Background

Sterling Investment Management, LLC (“SIM,” “we,” “Adviser,” or “the Firm”), is a Delaware limited liability company founded in 2012 by Brian D. Kosoy and Greg Moross. SIM is the asset management arm of The Sterling Organization (TSO) founded in 2007 by Mr. Kosoy and Mr. Moross. SIM’s purpose is to provide asset management services to TSO’s institutional funds.

b) Advisory Services

The SIM organization is an institutional real estate private equity fund manager that has an established track record of providing exceptional risk adjusted returns to its partners, in both relative and absolute terms. SIM is focused on investing in anchored retail real estate assets in select major U.S. markets on behalf of SIM principals in partnership with the highest quality institutional investors.

c) Tailored Advice and Client-Imposed Restrictions

Each Fund managed by SIM has its own investment objectives, strategies and restrictions. Certain Funds may focus on a narrow investment strategy while others may pursue a broader investment strategy. SIM prepares offering materials with respect to each Fund that contains more detailed information, including a description of the investment objective and strategy or strategies employed and related restrictions. These serve as a limitation on SIM’s management. None of the Funds are tailored to the individualized investment needs of any particular investor (“Investor”). An investment in a SIM Fund does not create a client-adviser relationship between SIM and an Investor.

Investors must consider whether a particular SIM fund or advisory relationship is appropriate to their own circumstances based on all relevant factors including, but not limited to, the Investor’s own investment objectives, liquidity requirements, tax situation and risk tolerance. Prospective Investors are strongly encouraged to undertake appropriate due diligence, including but not limited to a review of relevant offering materials for the Funds, investment policy statements, investment guidelines and the additional details about SIM’s investment strategies, methods of analysis and related risks in Item 8 of this Brochure, before making an investment decision.

d) Wrap Fee Disclosure

Not applicable.

e) Assets Under Management

As of January 1, 2015 SIM had approximately \$490,372,794.00 in regulatory assets under advisement (“AUM”).

ITEM 5: Fees and Compensation

SIM is generally compensated for its services through the receipt of an Asset Management Fee. SIM's compensation, as well as other costs associated with management by SIM, is discussed generally below and in more detail in relevant offering materials.

a) Compensation

The investment advisory agreements entered into between SIM and each SIM Fund sets forth the compensation to be paid to SIM. The Funds under management pay an asset management fee to SIM (or another affiliate of the General Partner as designated by the General Partner) equal to (a) during the Investment Period, 1.50% per annum of the aggregate Commitments (other than Commitments attributable to Limited Partners that are the Sponsor and its affiliates, officers, partners, directors, employees and immediate family members and trusts and family partnerships of such persons), and (b) after the Investment Period, 1.50% of the aggregate Invested Capital of the Fund.

b) Billing

The Asset Management Fee is payable quarterly in advance, and will be pro-rated for partial calendar quarters. Management fees are automatically deducted from Fund Investors' accounts.

c) Other Expenses

Investors are responsible for and do incur other expenses separate and apart from the Firm's investment management. In addition to the fees described above, SIM Funds bear other costs associated with investments or accounts including but not limited to: (1) custodial charges, brokerage fees, commissions and related costs; (2) borrowing costs including interest expenses; (3) taxes, duties and other governmental charges; (4) transfer and registration fees or similar expenses; (6) other portfolio expenses; and (7) costs, expenses and fees associated with products or services that may be necessary or incidental to such investments.

The SIM Funds retain third parties, primarily Sterling Retail Services Inc., (SRS) for necessary services relating to the assets held by the Fund, including leasing and other property management services. When the Fund utilizes SRS for property management, leasing, or development services, SRS will charge the Fund market rates consistent with local practices. Other fees for additional compensation to the Advisor (including interest and expenses) will be disclosed to the Fund Boards and be mutually agreed upon.

Additionally, each Fund generally pays all of its ordinary organizational, offering, administrative, and operating expenses, including, but not limited to, ordinary and recurring legal, accounting, escrow, auditing, recordkeeping, administration, fund accounting, directors' fees, and certain clerical expenses including those incurred in preparing, printing and mailing

reports and tax information to investors and regulatory authorities, expenses for specialized administrative services, filing fees, taxes, fees for specialized evaluation of borrowers, costs with respect to the use of third party valuation services and other similar expenses. Additional fees (e.g., wire transfer charges) may be imposed by service providers.

d) Advance Billing

As discussed above, with respect to SIM, the Asset Management Fee is payable quarterly in advance. As outlined in a) above, if the client pre-paid the Asset Management Fee, and the advisory contract is terminated before the end of the billing period, any excess Asset Management Fee paid in advance will be returned to the Fund pro-rata based on the days billable in the period.

e) Sales-based Compensation

Not applicable. Neither the Firm nor any of its employees or affiliates accepts additional compensation for the sale of securities or other services. The Firm does not receive compensation for other services besides the investment advisory services SIM provides.

ITEM 6: Performance based fees and Side-by-Side Management

The general partner of each SIM Fund will receive distributions of up to a stated percentage of the profits in excess of the Preferred Rate from the Fund. The existence of this performance incentive may create an incentive for the General Partner and SIM to make more speculative investments on behalf of the Fund than the Fund would otherwise make in the absence of such performance incentive. Although the Sponsor together with its affiliates, officers, partners, directors, employees and their immediate family members are investing their own capital in the Fund, the interests of the General Partner and the SIM may under some circumstances differ from those of the Fund and/or the Limited Partners. Such conflicting interests could potentially affect the decisions of the General Partner and SIM in purchasing, holding and disposing of the Fund's investments.

In addition, the General Partner, SIM or any of their affiliates may charge carried interest, management and other fees to co-investors, including without limitation Limited Partners and third parties, with respect to any co-investment, and may make an investment, or otherwise participate, in any vehicle formed to structure a co-investment in connection therewith.

The Performance Incentive is charged by the Adviser in compliance with Rule 205-3 under the Investment Advisers Act of 1940.

SPECIFIC CONFLICTS OF INTEREST AND SIM'S PRACTICES DESIGNED TO MITIGATE SUCH CONFLICTS OF INTEREST

Like all investment advisers who advise multiple accounts or funds having different fee structures, SIM and its personnel face actual and potential conflicts of interest, including an incentive to favor those accounts in which SIM or its personnel have greater pecuniary interests over other accounts. Such conflicts of interest and SIM's practices that are designed to mitigate such conflicts of interest are discussed below. As a general matter, SIM addresses such conflicts by following a thorough, detailed, and consistent investment decision-making process and by regular reviews of investments by the Adviser's Investment Committee.

- **Allocation of Investments.** SIM may have an incentive to allocate investment opportunities based on pecuniary interest. SIM and its personnel will face a conflict of interest when considering how to allocate limited investment opportunities among accounts having different fee structures or pecuniary interests, including SIM Funds in which it is an investor. Through its relevant policies and procedures, SIM seeks to promote fair and equitable treatment of accounts (including the allocation of investment opportunities), over time, based on considerations that are unrelated to pecuniary interests.
- **Compensation of SIM and its Personnel.** SIM and its personnel have an incentive to take on more risk when compensation is based on performance: The receipt of performance-based compensation and the payment of bonuses relating to performance of Client accounts creates an incentive to make riskier investments than might be made in

the absence of performance-based compensation, as such compensation generally allows participation in gains in excess of exposure to losses. On the other hand, performance-based compensation encourages an alignment of long-term investment interests between the Client and SIM. Moreover, performance-based compensation may be subject to mechanisms designed to ensure that prior losses are recouped and/or a certain level of gains is achieved before any performance-based compensation accrues, such as loss carry forwards, hurdle rates, and/or high water marks. Furthermore, as discussed in more detail in Item 13, SIM reviews the Client accounts that it advises on a regular basis to monitor risk levels.

- **Performance-based Fees for Adviser and Valuations.** When SIM's compensation is based on the value or performance of investments, SIM has an incentive to value a position at a price higher than it might otherwise be valued or to accelerate or defer realizations. To the extent that performance allocations may be based on increases in the net assets of a SIM Fund, SIM's compensation would be based upon unrealized appreciation as well as realized appreciation. This means that SIM may be compensated on performance that is ultimately not realized if positions decrease in value and are subsequently sold at a loss. The potential for inflated valuation of positions is increased when such positions are illiquid or otherwise lack a readily ascertainable market value. SIM seeks to mitigate this conflict by valuing assets in accordance with its written Valuation Policy, which is reasonably designed to assure that valuations are performed in a consistent and thorough manner that insulates the conflict. In accordance with the Valuation Policy, SIM considers the views of outside experts, including third-party valuation firms, in determining the value of illiquid or other hard to value assets.
- **Cross-Transactions.** Should SIM engage in cross-transactions, it would have an incentive to favor accounts in which it has a greater pecuniary interest: SIM may, from time to time, enter into cross-transactions between the various accounts it advises. SIM will conduct such transactions in accordance with policies to promote fairness to all participating accounts (e.g., by assuring that an appropriate price is assigned to the security being crossed). Where required by law or the governing documents for a Client account, cross transactions are subject to Client consent prior to settlement and information about the transaction, including the nature of the rebalancing transaction, the price at which it will be effected and SIM's position as principal, if applicable, are provided to allow the Client to determine whether or not to consent.
- **Other Conflict Mitigation Practices.** Many of the conflicts resulting from performance-based fees and side-by side management are mitigated by SIM's relevant policies and procedures. As a general principle, SIM requires that potential conflicts of interest be addressed by placing Client interests before personal or proprietary interests. SIM also has instituted trading policies to promote fair treatment of SIM Funds based on considerations unrelated to pecuniary interests to ensure that, wherever possible and over time, opportunities are allocated in a fair and equitable manner.

ITEM 7: Types of Clients

SIM, together with its affiliated entities, provides advisory and investment management services to a number of Funds. All of the Funds qualify for exemption from the definition of “investment company” under the Investment Company Act of 1940, as amended (the “Investment Company Act”) under Section 3(c) (1) or Section 3(c) (7) of the Investment Company Act. Only qualified and/or accredited investors may acquire interests in the Funds.

The minimum investment amount for each Fund ranges between \$2 - 5M and is disclosed in the Fund’s prospectus. Minimum investment amounts may be waived in the sole discretion of the General Partner for each Fund.

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

a) Methods of Analysis & Investment Strategies

As noted in Item 4 of this Brochure, SIM manages funds with similar investment strategies, each with related methods of analysis. Additionally, SIM is focused or concentrated on real estate type investments. All investments anticipate a risk of loss and there is no guarantee that any particular strategy will be effective or yield particular results or levels of return. As a result, SIM's products and services are not intended to represent a complete investment solution and it is expected that Investors maintain assets other than those advised by or invested through SIM. Investors are responsible for appropriately diversifying their assets to guard against any risk of loss.

b) Material Risks Associated with the Investment Strategies

Real property investments are subject to multiple risks. Real estate values are affected by a number of factors, including: changes in the general economic climate, local conditions (such as an oversupply of space or a reduction in demand for real estate in an area), the quality and philosophy of management, competition from other available space, the ability of the owner to provide adequate maintenance and insurance and to control variable operating costs. Shopping centers, in particular, may be affected by changing perceptions of retailers or shoppers regarding the safety, convenience and attractiveness of the shopping center and by the overall climate for the retail industry. Real estate values are also affected by such factors as government regulations, interest rate levels, the availability of financing and potential liability under, and changes in, environmental, zoning, tax and other laws. Each Fund has risks which are specific to its particular investment strategies. For more information about the risks of each Fund, please see the offering memorandum for that particular fund. While SIM seeks to manage investments so that risks are appropriate to the return potential for the strategy, it is often not possible or desirable to fully mitigate risks. SIM does not offer any products or services that guarantee rates of return on investments for any period to any Client or Investor. All Clients and Investors assume the risk that investment returns may be negative or below the rates of return of other investment advisers or products. Investors should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.

There are risks inherent in the investment strategies pursued, and the financial instruments used by SIM. Key risks of loss which apply to the principal investment strategies employed by SIM are to be found in detailed descriptions and explanations in relevant Offering Materials.

ITEM 9: Disciplinary Information

The Firm and its supervised persons have not been involved in any legal or disciplinary events that are material to a client's or potential client's evaluation of our advisory business or the integrity of the Firm's management.

a) Criminal or civil action

None

b) Administrative proceeding

None

c) Self-regulatory organization (SRO) proceeding

None

ITEM 10: Other Financial Industry Activities and Affiliations.

a) Registered Broker-Dealer or Registered Representative

Not applicable.

b) FCM, CPO, CTA or Associated Person

Not applicable.

c) Material Business Relationships with Certain Related Persons

SIM Fund underlying assets are managed via a property management services agreement with Sterling Retail Services Inc.

d) Recommendation and Selection of Other Investment Advisers

Not applicable.

ITEM 11: COE, Participation or Interest in Client Transactions and Personal Trading

a) Code of Ethics (“Code”)

SIM believes that (i) high ethical standards are essential for its success and to maintain the confidence of its clients; (ii) its long-term business interests are best served by adherence to the principle that the interests of clients come first; and (iii) it has a fiduciary duty to its clients to act solely for their benefit. The Code describes SIM’s policies regarding confidential client information and regulates personal trading activity. Securities holdings and transactions of all employees and their immediate family members are reviewed to determine compliance with the requirements of the Code. The Code also contains other restrictions and reporting requirements designed to limit personal conflicts of interest. These provisions apply to all employees of the Firm. All personnel are also required to comply with applicable federal securities laws. All personnel of the Firm must put the interests of the Firm's clients before their own personal interests and must act honestly and fairly in all respects in dealings with clients. All personnel of the Firm must also comply with all U.S. federal securities laws.

Clients or prospective clients may obtain a copy of the Code of Ethics by contacting us by e-mail at info@sterlingorganization.com or by telephone at (561) 835-1810.

b) Participation or Interests in Client Transactions

SIM’s officers, members and employees (“Supervised Persons”) may invest in any Fund for which the Firm serves as investment manager or adviser and in other investment opportunities such as an IPO, in which the Funds are participating. All such deals require prior authorization. The Firm will maintain records of all securities bought or sold by the Funds, the Firm, its associated persons and related entities. Files of securities transactions affected for related persons of the Firm will be maintained for review to detect and resolve any conflicts. The Chief Compliance Officer of the Firm will review all securities transactions of related persons of the Firm to ensure no conflicts exist with the Funds or individually managed account clients. Besides owning interests in the same Funds, however, no person related with the Firm is permitted to buy from, sell to, borrow from or lend to any client.

The Firm also retains the discretion to invest for its own account in such investment vehicles, including the Funds, as it may choose.

c) Investment in Securities Recommended to Clients

SIM’s Supervised Persons are specifically prohibited from using their knowledge about pending transactions or investments currently being considered for personal profit, including by purchasing or selling such securities directly or indirectly. Employees are prohibited from investing in an investment in which the firm has invested in or is considering investing. The Firm has adopted a Code of Ethics imposing on each employee a duty to place the interests of the

Funds first, to report to the Firm any actual or potential conflict of interest. The Code of Ethics requires each officer and employee of the Firm with access to the investments or portfolio information of the Funds (each an "Access Person") to report quarterly theirs and their immediate family member's securities holdings and transactions to the Firm's Chief Compliance Officer. In addition, each Access Person must pre-clear any personal trades with the Chief Compliance Officer. The Code of Ethics also imposes restrictions and safeguards on the use of material nonpublic information.

d) Investment in Securities at or about the Same Time Recommended to Clients

See Part 11 C. above.

ITEM 12: Brokerage Practices

a) Selecting or Recommending Broker-Dealers

Not applicable

b) Aggregation of Trades

Not applicable

ITEM 13: Review of Accounts

a) *Periodic Account Reviews*

The Advisor periodically reviews client accounts at a minimum on a monthly basis. The client accounts, including books and records, are reviewed by management as part of the quarterly close. In the event other factors warrant a review (i.e. as a result of new/extended investments) a client account may be reviewed in addition to the periodic monthly and quarterly review process.

b) *Client Reports*

The responsibility of reporting to clients on their accounts is with SIM. Clients are provided with unaudited interim financial statements related to their investments on a quarterly basis. Additionally, clients are provided with an annual set of audited financial statements reviewed by an independent CPA firm as of December 31 of the preceding year.

ITEM 14: Client Referrals and Other Compensation

The Firm has entered, and may in the future enter, into written solicitation agreements with third parties (each a “Solicitor”). Under the solicitation agreements, the Firm may pay a referral fee to a Solicitor when the Solicitor successfully introduces a fund investor to the Firm. The amount of compensation is based on a negotiated percentage of the management and incentive fees received by the Firm from each fund investor. The solicitation arrangement does not affect the amount of fees paid by each investor. The agreements comply with the conditions and requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940.

ITEM 15: Custody

Due to certain arrangements, SIM is deemed to have “custody” of managed Fund cash and securities within the meaning of Rule 206(4)-2 under the Advisers Act.

SIM sends quarterly account statements directly to the investors, which are reviewed as they are received for their accuracy with SIM’s books and records. SIM also provides (or causes to be provided) to each Investor in the Fund a copy of the Fund’s audited financial statements within 120 days following the relevant Fund’s fiscal year end. Investors who do not receive audited financial statements timely should contact the Firm immediately.

ITEM 16: Investment Discretion

The Advisor generally manages Fund assets in a discretionary basis with the authority to determine for each Fund what investments are made, as well as when and how they are made. The Advisor acts in the authority to manage investments on behalf of the Funds it manages. The Advisor acts in conformity with the Fund agreements, and with the instructions and directions of the General Partner, including compliance with all applicable laws and regulations.

ITEM 17: Voting of Client Securities

(a) Proxy Voting Authority

The Advisor does not have the authority to, or will not accept the authority to vote client securities.

(b) Client Proxy Voting Authority

Refer to the answer to (a) previously stated.

ITEM 18: Financial Information

No financial events have occurred to SIM that would negatively affect the financial viability of SIM. There is no financial condition of SIM that is reasonably likely to impair SIM's ability to meet contractual commitments to clients.

a) Financial Disclosures

Not Applicable.

b) Material Financial Impairment

Not Applicable.

c) Bankruptcy Petitions

Not Applicable.

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