

Square Mile Capital Management LLC

Part 2A of Form ADV

The Brochure

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MARCH 2019

This brochure provides information about the qualifications and business practices of Square Mile Capital Management LLC. If you have any questions about the contents of this brochure, please contact us at 212-605-1000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Square Mile Capital Management LLC is also available on the SEC's website at: www.adviserinfo.sec.gov.

Item 2 - Material Changes

Item 5 has expanded upon the description of certain fees and expenses, Item 8 has expanded upon the description of potential risk of loss, Item 10 has been updated with respect to financial industry activities and affiliations and Item 11 has expanded upon the description of certain potential conflicts of interest and allocation of investment opportunities, respectively.

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Item 4 - Advisory Business

Square Mile Capital Management LLC ("SMCM"), founded in 2006, is jointly owned by Craig H. Solomon (the "Chief Executive Officer"), Jeffrey Citrin and USAA Real Estate Company and its controlled affiliates ("Realco").

SMCM serves as the sponsor of a number of real estate-related investment funds organized to make only real estate and real estate-related investments and also provides investment advisory services to one or more separately managed accounts (each, including related vehicles, referred to herein as a "Partnership" and collectively "Partnerships"). In providing services to each Partnership, SMCM or a wholly-owned subsidiary thereof, including (i) Square Mile Capital Management II LLC, (ii) Square Mile Capital Management III LLC, (iii) Square Mile Capital Management IV LLC, (iv) Square Mile Capital Management V LLC, (v) Square Mile Capital Management Core Credit LLC, (vi) Square Mile Capital Management Credit II LLC, (vii) Square Mile Capital Management Tactical LLC, (viii) Square Mile Capital Management Tactical II LLC, (ix) Square Mile Capital Management KP LLC, (x) Square Mile Capital Management Hospitality LLC, (xi) Square Mile Capital Management Hospitality B LLC, (xii) Square Mile Capital Management 1166 AOA LLC, (xiii) Square Mile Capital Management (MHG) LLC, (xiv) Square Mile Capital Management TTG LLC, (xv) Square Mile Capital Management PE LLC, (xvi) Square Mile Capital Management (MUL) LLC and (xvii) Square Mile Capital Management Core Credit II LLC (collectively "Square Mile"), as applicable, and typically in the case of investment funds

together with an affiliate of Square Mile that serves as a general partner or managing member of the respective Partnership (each, a “General Partner” and collectively “General Partners”), directs and manages the investment of each Partnership’s assets and provides periodic reports to investors in each Partnership. Square Mile also manages investment vehicles that facilitate co-investment in one or more portfolio entities of other Partnerships. In addition, the Partnerships hold interests through conduit vehicles and/or subsidiaries that usually serve as general partners or managing members of other vehicles or joint ventures. The General Partners typically act on behalf of the Partnerships that serve in such capacity and are usually able to approve or reject investment decisions.

Square Mile makes investment decisions based on careful research and decision-making procedures that help Square Mile identify and assess investment risks and opportunities. Square Mile manages the assets of each Partnership (including, without limitation, co-investment vehicles) in accordance with the terms of the governing documents (including, without limitation and as the context requires, any limited partnership agreements, limited liability company agreements and investment management agreements) applicable to each such Partnership. Investment advice is provided directly to each Partnership and not individually to the investors in the Partnerships.

Square Mile has a strategic relationship with Realco, pursuant to which Realco owns a 49.9% interest in Square Mile. Realco is an indirect, wholly-owned subsidiary of USAA, a diversified financial services organization principally engaged in the business of property and casualty insurance, life insurance, consumer banking and investment management. Founded in 1982, Realco manages USAA’s portfolio of real estate investments across the United States, together with real estate investments made on behalf of certain institutional partners. Realco has more than \$20 billion in equity and debt asset holdings (inclusive of asset-level debt) and extensive experience in the acquisition, development, ownership, management and leasing of commercial real estate. Square Mile believes that the strategic relationship with Realco has multiple benefits, including providing new avenues for sourcing proprietary, off-market transactions. The Chief Executive Officer and Realco intend that Square Mile will continue to focus its investing activities on debt, preferred equity and distressed and “opportunistic” real estate investments, and Realco will continue to focus its investing activities on “core,” “core-plus” and “value-add” real estate assets, and ground-up development activities.

As of December 31, 2018, Square Mile managed assets worth approximately \$4,631,257,855 on a discretionary basis and \$611,250,716 on a non-discretionary basis.

Item 5 - Fees and Compensation

In addition to Square Mile typically earning a management fee, the General Partners of certain Partnerships receive performance-based compensation in accordance with each such Partnership’s governing documents. Management fees may be payable quarterly in advance or in arrears. The management fee varies by Partnership and by investor (for example, the management fee may vary for certain investors in a Partnership based on the size of an investor’s capital commitment) and is based on invested capital and/or committed capital, as applicable. Square Mile may, however, charge reduced management fees or no management fee to the General Partners (and their direct or indirect members or affiliates) and/or certain investors in the Partnerships (including, without limitation, investors in co-investment vehicles). Furthermore, after the achievement of certain thresholds, the Partnerships are generally subject to performance-based compensation of up to 20% of profits on all distributions derived from current income and the disposition of investments or securities. The General

Partners may, however, receive reduced performance-based compensation or no performance-based compensation from their direct or indirect members or affiliates and/or certain investors in the Partnerships (including, without limitation, investors in co-investment vehicles). Please see “Coinvestments” in Item 11 for additional information. In addition, certain Partnerships may pay Square Mile certain other fees including, but not limited to, acquisition, disposition and/or asset management fees paid quarterly in advance or in arrears, as set forth more fully in each such Partnership’s governing documents with Square Mile.

Pursuant to each Partnership’s governing documents with Square Mile, fees may be generally deducted directly from the Partnerships’ and the respective investors’ capital account balances or share of income, or the investors may be required to make capital contributions for the purpose of paying fees. In the event that Square Mile does not provide services for the full quarterly period, the management fee is typically required to be returned on a pro rata basis to the investors in the applicable Partnership. In the rare event that the investment management agreement between Square Mile and a Partnership is terminated, a pro rata portion of fees is refunded to such Partnership and, in general, the amount of fees returned is calculated based on the number of days remaining in the applicable period.

Any transaction and other similar fees paid to or received by Square Mile in connection with investments or unconsummated transactions are generally applied (subject to the governing documents of a Partnership) to reduce the management fee on a dollar-for-dollar basis (net of out-of-pocket expenses incurred by Square Mile in connection with such investments or unconsummated transactions and not reimbursed by the Partnership); however, special servicing fees or other similar fees and certain bona fide compensation to employees of Square Mile (which generally excludes the Chief Executive Officer and Mr. Citrin) who are seconded to portfolio entities, so long as such fees and compensation are at arm’s length and at competitive market rates, together with related expenses and allocable overhead, and de minimis processing payments from borrowers as part of their loan applications (which are applied against all out-of-pocket expenses incurred by the applicable Partnership, Square Mile or their affiliates in connection with the making of the actual investment to which such payment relates to the extent not reimbursed by the applicable borrower) are excluded from such reduction with respect to certain Partnerships. Such secondment expenses are borne by such Partnerships or the applicable portfolio entity based on each applicable portfolio’s allocable portion of the seconded employees’ compensation. Added to a portfolio entity’s allocable portion of seconded payroll is a portion of Square Mile’s out-of-pocket expenses allocable to the secondees employed with respect to investments in that portfolio (including rent, insurance and general and administrative expenses).

To the extent such offsets reduce the management fee for a fiscal quarter below zero they are carried forward and reduce future installments of the management fee. To the extent a Partnership incurs placement fees for the use of a placement agent with respect to a certain investor, such investor’s share of the management fee is reduced on a dollar-for-dollar basis.

In addition to any management fees and any performance-based compensation collected by Square Mile or the General Partners, investors in the Partnerships are subject to a variety of other fees and expenses payable to third parties or incurred internally by Square Mile, as more fully described in each Partnership’s governing documents and/or private placement memorandum. Examples of fees and expenses that are paid by the Partnerships and indirectly borne by the investors include, but are not limited to, organizational expenses and costs of establishing, maintaining, liquidating or otherwise dealing with any Partnership subsidiary;

fees, costs, taxes and expenses directly related to identifying, investigating, purchasing, holding, monitoring, disposing of, financing, hedging, developing, negotiating and structuring potential or actual investments (including, but not limited to, expenses related to attending trade association meetings, conferences or similar meetings for purposes of evaluating potential investment opportunities and advertising in trade publications for the purpose of generating potential investment opportunities and costs of advisers, consultants, engineers and other professionals and service providers and, in certain cases, actual compensation of in-house attorneys and of Square Mile employees who are seconded to portfolio entities); costs and expenses associated with any alternative vehicle; principal, interest on and fees and expenses arising out of all borrowings made by the Partnerships (including, without limitation, borrowings from any subscription line facilities), including the arranging thereof; cash distributions payable with respect to any preferred interests; any sales, leasing commissions, development fees, loan servicing fees and other investment costs incurred in connection with investments; travel expenses (including private charter, first class and/or business class airfare, lodging, meals, ground transportation and other travel means); premium meals and entertainment events with deal counterparties and service providers; meals and transportation for Square Mile employees that work late or on weekends with respect to Partnership-related matters; political and/or charitable contributions made with respect to portfolio entities; expenses of dissolving and liquidating the Partnerships and their assets; any brokerage commissions and custodial expenses; any insurance (including the costs of any fidelity bond, D&O liability or similar insurance), indemnity (including advancement of any such fees, costs or expenses to persons entitled to such indemnification) or litigation expense involving the Partnerships, its subsidiaries or a portfolio entity and the amount of any judgments, fines, remediation or settlements paid in connection therewith or extraordinary expense or liability to the extent such costs directly relate to the affairs of the Partnership; expenses associated with portfolio and risk management, including currency hedging and interest rate management; expenses incurred in connection with any tax audit or examination, investigation, settlement, review or other proceeding of the Partnerships; fees, costs and expenses associated with the Partnerships' administrative and reporting costs, including fees, costs and expenses of holding any annual or other informational meeting of one or more of the investors in a Partnership (including accommodation, meal, event, entertainment and other similar fees, costs and expenses) and any fees, costs and expenses in relation to calling capital from and making distributions to the investors in a Partnership, the administration of assets, financial planning and treasury activities, the representation of the Partnerships or investors in a Partnership by the "partnership representative" or the "tax matters partner" (as defined in the applicable Partnership's governing documents), the preparation and delivery of all financial statements, tax returns and Schedule K-1s (including any successors thereto), capital calls, distribution notices, other reports and notices and other required and requested information (including the cost of any third-party administrator), fees, costs and expenses incurred to audit such reports, provide access to such reports or information (including through a website or other portal) and any other operational, secretarial or postage expenses relating thereto or arising in connection with the distribution thereof and expenses associated with the Partnerships' information, technology, communication, research and reporting costs (including internally allocated charges); any taxes (other than taxes treated as distributions), fees or other governmental charges levied against the Partnerships (including out-of-pocket expenses incurred in connection with legal and regulatory compliance of the Partnerships and/or Square Mile with U.S. federal, state, local, non-U.S. or other law or regulation required as a result of the Partnerships' activities), including, for example, preparation and filing of regulatory filings of Square Mile and its affiliates relating to the applicable Partnership's activities, including reports to be filed with the U.S. Commodity Futures Trading Commission (if any) and reports,

disclosures, filings and notifications prepared in accordance with the European Union Alternative Investment Fund Managers Directive; expenses incurred in connection with complying with provisions in side letter agreements entered into with investors in a Partnership (including the process of distributing and implementing applicable elections pursuant to any “most favored nations” provisions in side letters); costs and expenses associated with the translation into any non-English language of offering or marketing materials or legal documentation, entering into a separate and/or discretionary account arrangement (including any expenses associated with any licensing or similar requirements in such case), or any other costs and expenses incurred in connection with the offering to entities or persons organized or domiciled in any non-U.S. jurisdiction, or offering interests in any non-U.S. jurisdiction, as applicable; and expenses of the investor advisory committee and its members and observers (including accommodation, meal, event, entertainment and other similar fees, costs and expenses in connection with any meetings of the advisory committee and the fees, costs and expenses of any legal counsel or other advisors retained by, or at the direction or for the benefit of, the advisory committee); and out-of-pocket expenses of boards of directors of REITs that constitute Partnerships or subsidiaries thereof in attending meetings of the board. In addition, the Partnerships are responsible for all fees and expenses due any legal (including, in certain cases actual compensation of in-house attorneys, so long as such fees and compensation are at arm’s length and at competitive market rates), financial, accounting, consulting or other advisors (including appraisers, valuation experts, tax advisors, fund administrators, loan servicers, debt and equity position servicers, asset managers, property managers and other professionals and service providers) or any lenders, investment banks and other financing sources and other costs and fees in connection with transactions that are not consummated, including broken deal expenses, reverse “break up”, broken deal or similar fees and lost deposits. In order to calculate the costs of in-house counsel allocable to each Partnership, in-house attorneys submit timesheets showing hours worked on specific investments, and applicable funds reimburse accumulated in-house legal expenses based upon hourly rates. Such in-house counsel-related reimbursements are reported to the advisory boards or other committees of investor representatives for applicable Partnerships generally on an annual basis.

Square Mile allocates expenses to the Partnerships in a manner that it believes is fair and equitable considering all factors as Square Mile deems relevant, but in its sole discretion, subject to the governing documents of the Partnerships. The allocation of expenses can create potential conflicts of interest. Shared expenses will typically be allocated among Partnerships obligated to bear expenses of such kind. The allocations of such expenses will typically be done pro rata among Partnerships but at times may not be proportional and any such determinations involve discretion by Square Mile. There can be no guarantee that prospective investors in yet to be formed co-investment vehicles will agree to bear expenses related to unconsummated investments and therefore all such expenses may be borne by the Partnerships.

Square Mile may invest assets of a Partnership in other limited partnerships or pooled investment vehicles that specialize in particular real estate investments. Through these types of investments, investors in a Partnership may bear two layers of fees that include fees paid to the sponsor of such other vehicle and fees paid to Square Mile.

Realco and its affiliates engage in a broad spectrum of activities, including property and casualty insurance, life insurance, consumer banking, investment management and financial advisory activities, and have extensive investment activities, that are independent from, and may from time to time conflict with, activities of Square Mile and the Partnerships. In addition, Realco and its affiliates may provide services in the future beyond those currently provided.

Please see “Service Providers” and “Activities of USAA and Realco; Strategic Relationship with Square Mile” in Item 11 for additional information. The Partnerships will not receive a benefit from any fees received in connection with such services.

Moreover, Square Mile and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Partnerships that will not be subject to the management fee offset or otherwise shared with the Partnerships and/or their investors. For example, airline travel or hotel stays incurred as Partnership expenses typically may result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Square Mile and/or such personnel (and not the Partnerships and/or their investors) even though the cost of the underlying service is borne by the Partnerships. Please see “Fees for Services” in Item 11 for additional information.

Current and prospective investors should carefully review the more detailed descriptions of the fees and expenses paid by the Partnerships that are included in each Partnership’s governing documents and/or private placement memorandum.

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

The General Partners, which are affiliated with Square Mile, typically receive performance-based compensation from certain Square Mile clients. The General Partners, however, may not receive performance-based compensation from their direct or indirect members or affiliates. For a description of such compensation, see “Fees and Compensation” above. The ability of the General Partners to earn performance-based compensation from some, but not all, Square Mile clients (and the different levels of performance-based compensation among the Partnerships) aligns the interests of Square Mile and the Partnerships in some ways, but the arrangements can also pose potential conflicts of interest. Square Mile and the General Partners may have an incentive to invest the Partnerships’ capital more speculatively than would otherwise be prudent in an effort to generate outsized returns. However, this incentive is mitigated in part by the capital commitment that the General Partners and/or Square Mile affiliates make to the Partnerships.

In addition, certain Partnerships have and may have in the future varying rates and structures of performance-based compensation and an incentive may arise for Square Mile to disproportionately allocate time, services or functions to Partnerships paying an effective higher rate of performance-based compensation or effective lower hurdle, or to allocate investment opportunities to such Partnerships. Each Partnership’s governing documents set forth specific procedures designed to ensure that all investors are treated fairly and to prevent such potential conflict from unduly influencing the allocation of investment opportunities among Partnerships, including but not limited to provisions outlining the parameters of Square Mile’s and the respective General Partner’s ability to launch new investment funds while current funds are being actively invested.

Item 7 - Types of Clients

Square Mile’s only clients are privately offered real estate-related funds and managed accounts. Minimum investment in the Partnerships, as applicable, is generally \$10,000,000, but lesser amounts may be accepted at the discretion of Square Mile.

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

Certain Partnerships seek to achieve attractive risk-adjusted returns for their investors by searching out investments in distressed, mispriced, underperforming or out-of-favor real estate, real estate related assets or entities, as well as performing real estate-related debt. These Partnerships make investments across the capital structure and in various property types primarily located in the United States, and to a lesser extent in appropriate non-U.S. markets. Other Partnerships seek to achieve attractive risk-adjusted returns for their investors primarily by making investments in originated or purchased first mortgage and subordinated debt investments backed by high quality commercial real estate. Yet other Partnerships are established to invest in a broad range of commercial real estate related investments including first mortgages, B-notes, mezzanine debt, B-Pieces, commercial mortgage-backed securities ("CMBS"), equity, preferred equity, performing, nonperforming, subperforming instruments, and entities. The Partnerships often hold interests through conduit vehicles and/or subsidiaries and usually serve as general partners or managing members of these vehicles or joint ventures. The General Partners, acting on behalf of the Partnerships, act on behalf of such vehicles and joint ventures and are usually able to approve or reject investment decisions.

With respect to all prospective investments, Square Mile aims to discern the intrinsic value of the collateral or property in question and structure each prospective investment with the flexibility to optimize potential upside while also reducing downside risk.

Square Mile seeks to assemble a balanced, diversified and non-correlated portfolio of real estate-related investments across the capital structure spectrum for the Partnerships, and intends to target a portfolio comprised of the following types of assets and investment strategies: high yield structured debt, common equity, preferred equity, project equity, distressed debt and special situations, as well as performing real estate-related debt.

Investing in real estate, real estate debt and other real estate-related interests and instruments involves the risk of loss. The purchase of interests in a Partnership involves a number of significant risks, including but not limited to those listed below, that should be carefully considered by potential investors before making any investment. Additional risks factors are disclosed in the governing documents and/or private placement memoranda of the relevant Partnerships. As a result of these risks, and other risks inherent in any investment, there can be no assurance that a Partnership will meet its investment objectives or otherwise be able to carry out its investment program successfully or that an investor will receive a return of its capital. The possibility of partial or total loss of capital exists and investors must be prepared to bear capital losses that might result from investing in a Partnership.

Reliance on Key Management Personnel. The success of a Partnership will depend, in large part, upon the skill and expertise of the management of a General Partner and the applicable manager under the leadership of the Chief Executive Officer as well as the contributions provided by other key personnel of Square Mile and Realco (including senior employees of Square Mile and Leonard J. O'Donnell). If a General Partner were to lose the services of the Chief Executive Officer, such senior employees of Square Mile or Mr. O'Donnell, the financial condition and operations of the Partnership could be materially adversely affected. There can be no assurance that such persons will continue to be affiliated with any Partnership throughout its term or that the relative ownership of Square Mile by the Chief Executive Officer, Mr. Citrin and Realco will not change at any time in the future. See "Activities of USAA and Realco; Strategic Relationship with Square Mile" in Item 11. Additionally, 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. There can be no assurance that the General Partners' and Square Mile's personnel will not be solicited by and join competitors or other firms and/or that the General Partners and Square Mile will be able to hire and retain any new personnel that it seeks to add to its team of investment professionals. In addition, Square Mile's professionals involved with a Partnership are not dedicated exclusively to such Partnership and will have other responsibilities for Square Mile. Conflicts of interest may arise in allocating management time, services or functions, including with respect to allocating such management time, services or functions between the Partnerships.

No Assurance of Investment Return. Square Mile cannot provide assurance that it will be able to choose, make and realize investments in any particular asset, company or portfolio of assets. There is no assurance that any Partnership will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the type of transactions and assets described in the relevant private placement memorandum and/or governing documents. There can be no assurance that any limited partner in any Partnership will receive any distribution from such Partnership. An investment in a Partnership should only be considered by persons who can afford a loss of their entire investment. Past performance of any Partnership and other investment entities associated with Square Mile is not necessarily indicative of future results. There can be no assurance that projected or targeted returns for any Partnership will be achieved.

Illiquid and Long-Term Investments. The Partnerships generally invest in debt and equity obligations and other investments in real estate properties and real estate businesses for which the number of potential purchasers and sellers, if any, often is very limited. This factor may have the effect of limiting the availability of these assets for purchase by the Partnerships and may also limit the ability of the Partnerships to sell such assets at their fair market value prior to termination of the Partnerships or in response to changes in the economy or financial and real estate markets. Illiquidity may also result from legal or contractual restrictions on their resale. Investments in the Partnerships requires a long-term commitment, with no certainty of return. The return of capital and realization of gains, if any, from an investment will generally occur only upon the partial or complete disposition or refinancing of such investment. Investors in a Partnership should thus expect that they will not receive a return of capital for an extended period of time even if the Partnerships' investments prove successful.

Investments Longer than Term. The Partnerships may make investments that may not be advantageously disposed of prior to the date that the Partnerships will be dissolved, either by expiration of a Partnership's term or otherwise. Although Square Mile expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the Partnerships may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. There can be no assurances with respect to the time frame in which the winding up of any Partnership and the final distribution of proceeds to investors of any Partnership will occur.

Availability of Suitable Investments. Purchasers of the interests of a Partnership will generally not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by such Partnership and, accordingly, will be dependent upon the judgment and ability of the applicable General Partner and Square Mile in investing and managing the capital of such Partnership. The activity of identifying, completing and realizing attractive debt-oriented real estate investments has from time to time

been highly competitive, and involves a high degree of uncertainty. The Partnerships will be competing for investments with many other real estate investment vehicles, as well as individuals and companies, real estate investment trusts ("REITs"), open ended funds, closed ended funds, financial institutions (such as mortgage banks and pension funds), hedge funds and investment funds affiliated with other financial sponsors or institutional investors, private equity and debt investors, credit vehicles and commercial mortgage-backed securities vehicles. Further, over the past several years, many real estate investment funds, REITs and other vehicles have been formed for the purpose of investing in debt-oriented and other real estate investments (including debt-oriented investments and preferred equity) and many such existing funds and vehicles have grown substantially in size and others have consolidated (resulting in larger funds and vehicles). As a result, an unprecedented amount of capital is available for debt-oriented and other real estate investments. Additional funds, REITs and other vehicles with similar investment objectives may be formed in the future by other unrelated parties and further consolidation may occur. These investors may make competing offers for investment opportunities identified by the Partnerships and may have greater resources than the Partnerships, or may have better relationships with sellers and brokers. These competitors may have different investment objectives than the Partnerships, enabling them to accept more risk, pay higher prices or invest on inferior terms or accept lower returns than the General Partners may deem reasonable or appropriate for the applicable Partnership. Consequently, it is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Partnerships and adversely affecting the terms upon which investments can be made. The Partnerships may incur negotiation, due diligence or other costs on investments which may not be consummated. As a result, the Partnerships may not recover all of their costs, which would adversely affect returns. There can be no assurance that real estate investments of the type in which the Partnerships may invest will continue to be available for the Partnerships' investment activities, that available investments will meet the Partnerships' investment criteria or that the Partnerships will be able to fully invest their committed capital. Further, to the extent suitable investments are available, there can be no assurance that if such investments are made, the objectives of the Partnerships will be achieved. Certain markets in which the Partnerships may invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns.

Risk of Partnership Investments. The Partnerships will primarily invest in debt and, to a lesser degree, equity securities and other investments in real estate properties and real estate businesses. Deterioration of U.S. real estate fundamentals will negatively impact the performance of the Partnerships. Such changes in fundamentals could involve fluctuations as a result of general and local economic conditions, changes in supply of and demand for competing properties in an area (as a result, for instance, of overbuilding), fluctuations in real estate fundamentals (including average occupancy and room rates for hotel properties), changes in the financial resources of tenants, increases in property taxes and operating expenses, changes in building, environmental, zoning and other laws, casualty or condemnation losses, regulatory limitations on rents, decreases in property values, changes in the appeal of properties to tenants, changes in real property tax rates and operating expenses, changes in energy and supply shortages, various uninsured or uninsurable risks, natural disasters, increases in interest rates and the availability of debt financing and/or mortgage funds which may render the sale or refinancing of properties difficult or impracticable, increases in mortgage defaults, increases in borrowing rates, negative developments in the economy that depress travel activity and demand and/or real estate values generally, environmental liabilities, contingent liabilities on disposition of assets, terrorist attacks, war and other factors that are beyond the control of

Square Mile. The value of securities of companies that service the real estate business sector will also be affected by such risks.

Because Square Mile may invest a portion of its assets in REITs, the Partnerships may also be subject to certain risks associated with direct investment in REITs. In addition, because REITs may be part of the structure of certain Square Mile products, certain Partnerships (as applicable) may be subject to REIT-related risks. REITs may be affected by changes in the value of their underlying properties and by defaults by borrowers or tenants. Furthermore, REITs are dependent upon specialized management skills, have limited diversification and are, therefore, subject to risks inherent in financing a limited number of projects. REITs depend generally on their ability to generate cash flow to make distributions to shareholders, and certain REITs have self-liquidation provisions by which mortgages held may be paid in full and distributions of capital returns may be made at any time. In addition, the performance of a REIT may be affected by changes in the tax laws or by its failure to qualify for tax-free pass-through of income.

The profitability of a significant portion of each Partnership's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Square Mile will be able to predict accurately these price movements. With respect to the investment strategy utilized by the Partnerships, there is always some, and occasionally a significant, degree of market risk.

The Partnerships may invest in CMBS and mezzanine debt. Some of these investments in CMBS and mezzanine debt securities may be unsecured and/or subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and/or subject a Partnership to a "first loss" subordinate holder position. With respect to such investments, the ability of a Partnership to influence a company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of a senior creditor. For example, under terms of subordination agreements, senior creditors will typically be able to block the acceleration of the mezzanine debt or other exercises by such Partnership of its rights as a creditor. Accordingly, such Partnership may not be able to take the steps necessary to protect its investments in a timely manner or at all. Further, the ability of a borrower to make payments on the loan underlying these securities is dependent primarily upon the successful operation of the property rather than upon the existence of independent income or assets of the borrower. In the event of default and the exhaustion of any equity support, reserve fund, letter of credit and any classes of securities junior to those in which such Partnership invests, such Partnership will not be able to recover all of its investment in the securities purchased. Investments in subordinate securities, such as CMBS and mezzanine debt, have a higher risk of loss than investments in more senior securities. CMBS and mezzanine debt securities are also subject to other creditor risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) so-called lender liability claims by the issuer of the obligations and (iii) environmental liabilities that may arise with respect to collateral securing the obligations. The securities in which the Partnerships invest may be subject to early redemption features, refinancing options, prepayment options or similar provisions, which, in each case, could result in the issuer repaying the principal on an obligation held by a Partnership earlier than expected, resulting in a lower return to the Partnership than projected. In addition, depending on fluctuations of the equity markets and other factors, warrants and other equity securities may become worthless. Accordingly, there can be no assurance that a Partnership's rate of return objectives will be realized.

The Partnerships may also invest in debt instruments that will not be rated by any recognized rating agency. Generally, the value of unrated classes is more subject to fluctuation due to economic conditions than rated classes. Overall credit quality moves up or down frequently within this category. A Partnership's acquisition of credit support classes of securitizations (which generally are expected to be first-loss classes) that are unrated at the time of acquisition and have lower ratings incrementally increases the risk of nonpayment or of a significant delay in payments on these classes. Should assets be downgraded, their value and the value of the Partnerships would be adversely affected.

Certain Partnerships may also invest in construction loans, which presents an increased risk of loss. If such Partnership fails to fund its entire commitment on a construction loan or if a borrower otherwise fails to complete the construction of a project, there could be adverse consequences associated with the loan, including, without limitation: (i) a loss of the value of the property securing the loan, especially if the borrower is unable to raise funds to complete it from other sources; (ii) a borrower claim against such Partnership for failure to perform under the loan documents; (iii) cost overruns or increased costs to the borrower that the borrower is unable to pay; (iv) a bankruptcy filing by the borrower; and (v) abandonment by the borrower of the collateral for the loan. The occurrence of such events could result in losses to such Partnership. In addition, costs of construction or renovation to bring a property up to standards established for the market intended for that property may exceed original estimates, possibly making a project uneconomical. Other risks may include: environmental risks, permitting risks, other construction risks and subsequent leasing of the property not being completed on schedule or at projected rental rates. If such construction or renovation is not completed in a timely manner, or if it costs more than expected, the borrower may experience a prolonged impairment of net operating income and may not be able to make payments of interest or principal to a Partnership, which could materially and adversely affect that Partnership. Other loan types may also include unfunded future obligations that could present similar risks.

Cyber Security Breaches and Identity Theft. Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Square Mile's and portfolio entities' information and technology systems may be vulnerable to damage or interruption from computer viruses and other malicious code, network failures, computer and telecommunication failures, security threats (including cyber security threats to and attacks on Square Mile's information technology infrastructure), infiltration by unauthorized persons and security breaches, usage errors by their respective professionals or service providers, power, communications or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information, including nonpublic personal information and material nonpublic information. Although Square Mile has implemented, and portfolio entities will likely implement, various measures to manage risks relating to these types of events, such systems could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. Square Mile does not control the cybersecurity plans and systems put in place by third party service providers, and such third party service providers may have limited indemnification obligations to Square Mile, its affiliates, the Partnerships and/or portfolio entities, each of whom could be negatively impacted as a result. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even

with sophisticated prevention and detection systems, potentially resulting in further harm and preventing it from being addressed appropriately. Square Mile, the Partnerships and/or a portfolio entity may have to make a significant investment to fix or replace any information and technology systems affected by any such breaches. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Square Mile's, the Partnerships' and/or a portfolio entity's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure or unauthorized disclosure of data could harm Square Mile's, the Partnerships' and/or a portfolio entity's reputation, subject any such entity and their respective affiliates to legal claims, increased costs, financial losses, data privacy breaches, regulatory intervention and otherwise affect their business and financial performance. The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means.

General Economic and Market Conditions. The real estate industry generally and the success of the Partnerships' investment activities will both be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls and national and international political and socioeconomic circumstances. These factors may affect the level, volatility, value and liquidity of the Partnerships' investments, which could impair the Partnerships' profitability or result in losses. In addition, general fluctuations in interest rates may affect the Partnerships' investment opportunities and the value of the Partnerships' investments. Continued periods of lackluster economic growth in the U.S. and global economies (or any particular segment thereof) may have a pronounced impact on a Partnership and could adversely affect such Partnership's profitability, impede the ability of any portfolio entities to perform under or refinance their existing debt obligations (and therefore make payments to the Partnership as a creditor with respect thereto), and may otherwise impair such Partnership's ability to effectively deploy its capital or achieve attractive risk-adjusted returns. It is possible that a weakening of credit conditions could adversely affect the ability of such Partnership to finance and consummate investments, which could adversely affect the business of such Partnership and impede such Partnership's ability to effectively achieve its investment objective.

Systemic Risk. Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs. A default by one institution may cause a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which certain Partnerships interact. A systemic failure could have material adverse consequences on certain Partnerships and on the markets for the assets in which such Partnerships seek to invest.

Environmental Liabilities. Certain Partnerships may be exposed to a substantial risk of loss arising from investments involving undisclosed or unknown environmental, health or occupational safety matters, or 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 such Partnerships' return from such investment. Environmental claims with respect to a specific investment may exceed the value of such investment, and under certain circumstances, subject the other assets of such Partnerships to such liabilities. In addition, some environmental laws create a lien on contaminated property in favor of governments or government agencies for costs they may incur in connection with the contamination.

The ongoing presence of environmental contamination, pollutants or other hazardous materials on a property (whether known at the time of acquisition or not) could also result in personal injury (and associated liability) to persons on the property and persons removing such materials, future or continuing property damage (which may adversely affect property value) or claims by third parties, including as a result of exposure to such materials through the spread of contaminants.

In addition, certain Partnerships' operating costs and performance may be adversely affected by compliance obligations under environmental protection statutes, rules and regulations relating to investments of such Partnerships, including additional compliance obligations arising from any change to such statutes, rules and regulations. Statutes, rules and regulations may also restrict development of, and the use of, property. Certain clean-up actions brought by federal, state, county and local agencies and private parties may also impose obligations in relation to investments and result in additional costs to such Partnerships.

Diversification. Although each Partnership intends to have certain diversification limitations, as set forth more fully in such Partnership's governing documents, to the extent Square Mile concentrates a Partnership's investments in a particular market, such Partnership's portfolio may become more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting that particular market. In transactions where a General Partner intends to refinance all or a portion of the capital invested, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of such Partnership having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

Expedited Transactions. Investment analyses and decisions by the General Partners and Square Mile may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the General Partners and Square Mile at the time of making an investment decision may be limited, and they may not have access to detailed information regarding the investment. Therefore, no assurance can be given that the General Partners and Square Mile will have knowledge of all circumstances that may adversely affect an investment. In addition, the General Partners and Square Mile expect to often rely upon independent consultants in connection with their evaluation of proposed investments. No assurance can be given as to the accuracy or completeness of the information provided by such independent consultants and the Partnerships may incur liability as a result of such consultants' actions.

Legal, Tax and Regulatory Risks. The Partnerships must comply with various legal requirements, including those imposed by securities laws, tax laws and pension laws. Should

any of such laws change over the scheduled term of the Partnerships, the legal requirements to which the Partnerships and the limited partners and General Partners may be subject could differ materially from the current requirements and adversely affect such limited partners and General Partners. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of investments held by the Partnerships, as applicable, and the ability of any Partnership to effectively employ its investment and trading strategies. Increased scrutiny and newly proposed legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on Square Mile and may divert time and attention from portfolio management activities. In addition and in particular in light of the changing global regulatory climate, a Partnership may be required to register under certain foreign laws and regulations, and need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market its interests to potential investors. The effect of any future regulatory change on the Partnerships could be substantial and adverse. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action.

Enhanced Scrutiny and Potential Regulation of the Private Investment Fund Industry and the Financial Services Industry. The Partnerships' ability to achieve their investment objectives, as well as the ability of a Partnership to conduct its operations, is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Future legislative, judicial or administrative action could adversely affect the Partnerships' ability to achieve their investment objectives, as well as the ability of the Partnerships to conduct their operations. There have been significant legislative developments affecting the alternative investment industry and there continues to be discussion regarding enhancing governmental scrutiny and/or increasing the regulation of the private equity industry. On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was signed into law. This comprehensive reform of the United States' financial regulatory system, among other things, requires registration with the SEC of private fund advisers with certain limited exceptions and imposes new reporting and recordkeeping obligations with respect to the private investment funds they advise. A key feature of the Dodd-Frank Act is the potential extension of prudential regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve") to U.S. nonbank financial companies that are not currently subject to such regulation but that are determined to pose risk to the U.S. financial system. The Dodd-Frank Act defines a "nonbank financial company" as a company that is predominantly engaged in activities that are financial in nature. The Financial Stability Oversight Council (the "FSOC")—an interagency body established under the Dodd-Frank Act and charged with monitoring and addressing systemic risk—has the authority to subject such a company to supervision and regulation by the Federal Reserve (including capital, leverage and liquidity requirements) if the FSOC determines that material financial distress at the company would pose a threat to the financial stability of the United States or if the nature, scope, size, scale, concentration, interconnectedness, or mix of activities of such company could pose a threat to U.S. financial stability. The Dodd-Frank Act does not contain any minimum size requirements for such a determination by the FSOC and it is possible that it could be applied to private investment funds, particularly large, highly leveraged funds. The Dodd-Frank Act also imposes a number of restrictions on the relationship and activities of banking organizations with

certain private equity and hedge funds, and contains other provisions that will affect the private equity industry, either directly or indirectly.

Most advisers to private equity funds, as well as most hedge funds and other private pools of capital, have been affected by provisions of the Dodd-Frank Act, and may be further impacted by future legislative developments or amendments to key provisions of the Dodd-Frank Act. On February 3, 2017, President Trump signed an executive order calling for the administration to review U.S. financial laws and regulations in order to determine their consistency with a set of core principles identified in the order. On June 12, 2017, the U.S. Department of the Treasury issued recommendations for streamlining banking regulation and changing key features of the Dodd-Frank Act (such as the Volcker Rule, capital and risk retention requirements, and the FSOC's powers) and other measures taken by regulators following the most recent financial crisis. On May 24, 2018, the Economic Growth, Regulatory Relief and Consumer Protection Act (the "Reform Act") was signed into law. Among other regulatory changes, the Reform Act amends various sections of the Dodd-Frank Act, including by modifying the Volcker Rule. The ultimate consequences of the Reform Act on the Partnerships and their activities remain uncertain. Prospective investors should note that the Reform Act or any other significant changes in, among other things, banking and financial services regulation, including the regulation of the asset management industry, could have a material adverse impact on the private investment funds industry generally and on Square Mile and/or the Partnerships specifically, and may impede the Partnerships' ability to effectively achieve their investment objectives.

As a registered investment adviser under the Investment Advisers Act (the "Advisers Act"), Square Mile is required to comply with a variety of periodic reporting and compliance-related obligations under applicable U.S. federal and state securities laws (including, without limitation, the obligation of Square Mile and its affiliates to make regulatory filings with respect to the Partnerships and their activities under the Advisers Act). In light of the heightened regulatory environment in which the Partnerships and Square Mile operate and the ever-increasing regulations applicable to private investment funds and their investment advisers, it has become increasingly expensive and time-consuming for the Partnerships, Square Mile and their affiliates to comply with such regulatory reporting and compliance-related obligations. Any further increases in the regulations applicable to private investment funds generally or the Partnerships and/or Square Mile in particular may result in increased expenses associated with the Partnerships' activities and additional resources of Square Mile being devoted to such regulatory reporting and compliance-related obligations, which may reduce overall returns for the investors and/or have an adverse effect on the ability of the Partnerships to effectively achieve their investment objectives.

Furthermore, various U.S. federal, state and local agencies have been examining the role of placement agents, finders and other similar service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information, and, in connection therewith, new and/or proposed rules and regulations in this arena may increase the possibility that the General Partners and its affiliates may be exposed to claims and/or actions that could require an investor to withdraw from a Partnership. As a related matter, the General Partners may be required to provide certain information regarding some of the investors in the Partnerships to regulatory agencies and bodies in order to comply with applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act (the "FCPA"). As a result, there can be no assurance that any of the foregoing will not have an

adverse impact on Square Mile or otherwise impede the Partnerships' ability to effectively achieve their investment objectives.

1940 Act and Volcker Rule Considerations. It is intended that certain Partnerships that are investment funds will rely on certain exemptions from the registration requirements of the Investment Company Act of 1940, as amended ("1940 Act"), other than Section 3(c)(1) or Section 3(c)(7) thereof. These are expected to include the exemptions pursuant to Sections 3(c)(5)(C) and 3(c)(6) thereof. For example, to qualify for the exemption pursuant to 3(c)(5)(C), such Partnerships (on a Partnership by Partnership basis) generally will be required to hold at least (i) 55% of their assets in "qualifying" real estate assets and (ii) at least 80% of their assets in "qualifying" real estate assets and real estate-related assets. As a consequence of such Partnerships seeking to comply with such tests on an ongoing basis, such Partnerships may be restricted from making certain investments or may be required to structure investments in a manner that would be less advantageous to such Partnerships than would be the case in the absence of such requirements. In addition, seeking to be in compliance with such tests may cause such Partnerships to dispose or not dispose of investments at different times than it would otherwise, which could result in lower proceeds to such Partnerships than it would have received if it were not seeking to comply with such requirements.

As a consequence of its affiliation with Realco, Square Mile meets the definition of a "banking entity" (generally defined as any insured bank or thrift, any depository institution holding company, any non-U.S. bank with a U.S. presence, and any affiliate or subsidiary of such an entity) subject to Section 13 of the Bank Holding Company Act of 1956, as amended (together with the regulations promulgated thereunder, the "Volcker Rule"), and as such, is subject to the restrictions of the Volcker Rule. The Volcker Rule generally prohibits banking entities and their affiliates and subsidiaries from acquiring or retaining an ownership interest in, or sponsoring, certain types of funds (each, a "covered fund"), including certain commodity pools and funds that would be treated as investment companies but for the exemptions set forth in Section 3(c)(1) and Section 3(c)(7) of the 1940 Act. If a Partnership that is an investment fund is unable to rely on one or more other exemptions from registration under the 1940 Act and consequently relies solely on the exemption provided in Section 3(c)(1) or in Section 3(c)(7) of the 1940 Act, then such Partnership may be a "covered fund" under the Volcker Rule, and Square Mile and such Partnership may be required to comply with the restrictions of the Volcker Rule and any regulations promulgated thereunder applicable to covered funds. In addition, such restrictions may apply if such Partnership is deemed to be a "commodity pool" as defined in the regulations implementing the Volcker Rule.

The Volcker Rule became effective as a matter of statute on July 21, 2012, but banking entities had a so-called "conformance period," which expired on July 21, 2016, to wind down, sell, transfer or otherwise conform their investments and activities to the Volcker Rule, absent an extension by the Federal Reserve or an exemption for certain "permitted activities." On December 10, 2013, the Federal Reserve and other U.S. federal regulatory agencies issued final rules to implement the Volcker Rule (the "Implementing Regulations"). The Implementing Regulations contain a number of important exemptions.

Compliance with such Implementing Regulations will impose certain restrictions on activities of certain Partnerships and could adversely affect their business and operations. For example, Square Mile (or its owners) could be required to reduce its funded and unfunded commitment to a Partnership (which could require a transfer of a significant portion of their direct or indirect interests in such Partnership). Also, to avoid having any of the Partnerships be treated as a

commodity pool and therefore a covered fund, it may become necessary for Square Mile to restrict the use by the Partnerships of swaps and caps, including for the purpose of hedging interest rate exposure on variable rate financings. In addition, if there are adverse changes in law or regulation (or interpretations thereof) in connection with the application of the Volcker Rule to Square Mile and its business, Realco may be required to acquire the interests in Square Mile currently held by the Chief Executive Officer and Mr. Citrin.

CFTC Considerations. Some Partnerships may, from time to time in certain limited circumstances, use swaps or caps in connection with its operations, including for the purpose of hedging interest rate exposure on variable rate financings. To the extent a Partnership utilizes any such instruments, which may be treated as commodity interests, the Partnership may become a commodity pool within the meaning of the Commodity Exchange Act (“CEA”), and the General Partner may become a commodity pool operator (a “CPO”) within the meaning of the CEA. Given that the Partnership may use swaps or caps in connection with its operations, the General Partner will claim an exemption from the registration requirements applicable to CPOs under Commodity Futures Trading Commission (“CFTC”) Rule 4.13(a)(3) prior to the Partnership’s initial closing and expects to be able to comply with the requirements of that exemption. Doing so, however, may require the Partnership to restrict its use of swaps, including for the purpose of hedging interest rate exposure on variable rate financings. If the General Partner becomes a CPO within the meaning of the CEA and fails to comply with the requirements of CFTC Rule 4.13(a)(3) with respect to the Partnership and is required to register with the CFTC as a CPO, regardless of whether the General Partner avails itself of the relief under CFTC Rule 4.7, the Partnership would become a “covered fund” for purposes of the Volcker Rule, in which event it would be required to comply with the restrictions of the Volcker Rule applicable to covered funds.

OFAC and FCPA Considerations. Economic sanction laws in the United States and other jurisdictions may prohibit Square Mile, Square Mile’s professionals and the Partnerships from transacting with or in certain countries and with certain individuals and companies. In the United States, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions. Such sanctions prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at (www.treas.gov/ofac). In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions may significantly restrict the Partnerships’ investment activities in certain emerging market countries.

In some countries, there is a greater acceptance than in the United States of government involvement in commercial activities, and of corruption. Square Mile, the Square Mile professionals and Partnerships are committed to complying with the FCPA and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, the Partnerships may be adversely affected because of its unwillingness to participate in transactions that violate such laws or regulations. Such laws and

regulations may make it difficult in certain circumstances for the Partnerships to act successfully on investment opportunities and for investments to obtain or retain business.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom (the “UK”) has recently significantly expanded the reach of its anti-bribery laws. While Square Mile has developed and implemented policies and procedures designed to ensure strict compliance by Square Mile and its personnel with the FCPA, such policies and procedures may not be effective in all instances to prevent violations. In addition, in spite of Square Mile’s policies and procedures, affiliates of portfolio entities, particularly in cases where a Partnership does not control such portfolio entity, may engage in activities that could result in FCPA violations. Any determination that Square Mile has violated the FCPA or other applicable anti-corruption laws or anti-bribery laws could subject Square Mile to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect Square Mile’s business prospects and/or financial position, as well as the Partnerships’ ability to achieve their investment objective and/or conduct their operations.

Eurozone Risks; Brexit. There are significant and persistent concerns regarding the economies of certain Eurozone countries that have emerged following the credit crisis of 2007. These are: high unemployment, low or stagnant economic growth, a decline in the real value of living wages, large current account deficits, lack of competitiveness, high government borrowing relative to GDP, and higher interest rates on government bonds — reflecting a perceived risk of being unable to meet future financial obligations. While the devaluation of a nation’s currency would be expected to stimulate competitiveness, reduce unemployment, increase GDP and ultimately raise taxes to reduce a budget deficit, it is not within the control of individual Eurozone countries to devalue the Euro. With poor prospects for growth, and the inability to devalue their national currency, some Eurozone countries have, or have been forced to, reduce public spending which has resulted in lower growth, higher unemployment and lower tax revenues, while at the same time attempting to introduce structural reforms to improve competitiveness over the longer term. Without the means to stimulate economic growth through currency devaluation, critics of the single currency will continue to question the suitability of the Euro to function in the diverse economies of the Eurozone and, if a single currency is unsuitable, the risk of the re-introduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the Euro entirely. The risks and prevalent concerns about a debt or credit crisis in Europe possibly affecting the stability of the single currency could have a detrimental impact on the global economy. For certain Partnerships, if a member state were to leave the Euro, or if the Euro were to dissolve entirely, the legal and contractual consequences for such Partnerships and their investors would likely be determined by laws in effect at such time. Were these risks to materialize, it would likely affect such Partnerships’ ability to make investments in Europe, and adversely affect the value of such Partnerships’ European investments (in the relevant member state and/or the Eurozone in particular), if any, and the availability and cost of financing such investments.

The UK formally notified the European Council of its intention to leave the European Union (the “EU”) on March 29, 2017. Under the process for leaving the EU, a departing member state remains a member state until a withdrawal agreement is entered into or, failing that, two years following notification — although that period can be extended by agreement. The negotiations with the UK for leaving are intended to produce an agreement that ensures an orderly

withdrawal from the EU and a political declaration outlining a framework for a future relationship between the UK and the EU. The UK government and the EU have agreed on the text of a withdrawal agreement and a political declaration on a future relationship, but the withdrawal agreement has been rejected by the UK Parliament on two occasions and there is no guarantee that it can be rendered acceptable to the UK Parliament. At the request of the UK, the EU Council has agreed to an extension until April 12, 2019 for the purpose of putting the withdrawal agreement back to the UK Parliament for approval. If the withdrawal agreement is approved by the UK Parliament, the UK will have until May 22, 2019 to formalize the arrangements through the amendment of domestic legislation. If the withdrawal agreement is rejected, the UK will cease to be a member of the European Union on April 12, 2019 absent some affirmative action taken by the UK, such as seeking an extension to the departure date (possibly for a general election or a further referendum) or (in theory) even revoking its notification to leave the EU. Even if a withdrawal agreement is adopted and a transition or implementation period is secured, UK regulated firms and other UK businesses could still be adversely affected by the terms ultimately agreed upon for future trading relations with the EU. A tariff or non-tariff barrier, customs checks, the inability to provide cross-border services, changes in withholding tax, restrictions on movements of employees, restrictions on the transfer of personal data, etc., all have the potential to materially impair the profitability of a business or require it to adapt or even relocate. In summary, it is expected that the UK will not leave the EU before April 12, 2019. The extension to April 12, 2019 does not preclude a no-deal Brexit. Although it is probable that the adverse effects of a no-deal Brexit (if it were to occur) will principally affect the UK (and those having an economic interest in, or connected to, the UK), given the size and global significance of the UK's economy, unpredictability about the terms of its withdrawal and its future legal, political and/or economic relationships with Europe is likely to be an ongoing source of instability, produce significant currency fluctuations and/or have other adverse effects on international markets, international trade agreements and/or other existing cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise). The withdrawal of the UK from the EU could therefore adversely affect the Partnerships and their portfolio entities. In addition, although it seems less likely now than at the time of Britain's referendum, the withdrawal of the UK from the EU could have a further destabilizing effect if any other member states were to consider withdrawing from the EU, presenting similar and/or additional potential risks and consequences for the Partnerships and their portfolio entities.

Regulatory Investigations. Square Mile as an asset manager manages a number of investment funds. Governmental investigations, audits and inquiries could occur in the course of Square Mile's business. Such claims and governmental investigations, inquiries and audits could impact the Partnerships, including by virtue of reputational damage to Square Mile. The unfavorable resolution of such items could result in criminal or civil liability, fines, penalties or other monetary or non-monetary remedies that could negatively impact Square Mile. While Square Mile has implemented policies and procedures to protect against non-compliance with applicable rules and regulations, there is no guarantee that such policies and procedures will be adequate in all instances or will protect Square Mile in all instances.

Valuation Risk. There will generally be no readily available markets for a substantial number of the Partnerships' investments. As such, many investments will be difficult to value. Valuations of the investments will be determined by Square Mile. Valuations are estimates of future results that are based upon assumptions made at the time that the valuations are developed. Therefore, there can be no assurance that the projected results will be obtained, and actual results may vary significantly from the valuations. The valuation of investments may

affect the amount of management fees payable to Square Mile or its affiliates. As a result, there may be circumstances where Square Mile or its affiliates are incentivized to determine valuations that are higher than the actual fair value of investments.

Leverage. Certain Partnerships may borrow on a secured or unsecured basis for any purpose, including to make any investments and to increase investment capacity, pay fees and expenses or to make other distributions. Although certain Partnerships are subject to limitations with respect to the incurrence of fund-level indebtedness as set forth in the applicable Partnerships' governing documents, the Partnerships may achieve leverage in certain transactions and such leverage may fluctuate depending on market conditions. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the investments purchased or carried. Gains realized with borrowed funds may cause the Partnerships' returns to be higher than would be the case without borrowings. If, however, investment results fail to cover the cost of borrowings, the Partnerships' returns could also decrease faster than if there had been no borrowings. Borrowing money to take positions provides the Partnerships with the advantages of leverage, but exposes it to greater market risks and higher current expenses. Such leverage will increase the exposure of an investment to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the investment. Moreover, in connection with non-recourse investment leverage, the Partnerships may be required to provide lenders with guaranties and indemnities that are customarily provided in real estate financings for "bad boy acts" and other so-called "recourse carveouts," which if triggered could adversely affect the Partnerships' assets. If a Partnership defaults on secured indebtedness, the lender may foreclose and the Partnership could lose its entire investment in the security for such loan. In connection with one or more credit facilities entered into by the Partnerships, distributions to the investors in a Partnership may be subordinated to payments required in connection with any indebtedness contemplated thereby. In addition, borrowings by the Partnerships may be secured by their investors' unfunded commitments as well as by the Partnerships' assets. Further, to the extent income received from investments is used to make interest and principal payments on such borrowings, investors in a Partnership may be allocated income, and therefore tax liability, in excess of cash received by them in distributions. The presence of leverage substantially increases the risk profile of the Partnerships and their investments.

Indemnification. A Partnership will be required to indemnify its General Partner, Square Mile, their respective affiliates and the respective members, partners, shareholders, officers, directors, employees, agents and representatives thereof for liabilities incurred in connection with the affairs of such Partnership. Such liabilities may be material and have an adverse effect on the returns to the investors. The indemnification obligation of such Partnership would be payable from the assets of such Partnership, including the unfunded commitments of the investors. If the assets of such Partnership are insufficient, the General Partner may recall the distributions previously made to the investors, subject to certain limitations set forth in the applicable governing documents. Furthermore, as a result of the provisions contained in such governing documents, investors may have a more limited right of action in certain cases than they would in the absence of such limitations. A General Partner may cause the respective Partnership to purchase insurance for such Partnership, the General Partner, Square Mile and their employees, agents and representatives.

Misconduct of Employees and Third-Party Service Providers. Misconduct by employees of Square Mile or by third-party service providers could cause significant losses to the Partnerships. Employee misconduct may include binding the Partnerships to transactions that exceed

authorized limits or present unacceptable risks and unauthorized investing activities or concealing unsuccessful investing activities (which, in either case, may result in unknown and unmanaged risks or losses). Losses could also result from actions by third-party service providers, including, without limitation, misappropriating assets or a failure of a custodian that holds securities of the Partnerships. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Partnerships' business prospects or future marketing activities. No assurances can be given that the due diligence performed by Square Mile will identify or prevent any such misconduct.

The Partnerships are speculative investments, and the preceding paragraphs identify only some of the potentially applicable risks. Each Partnership's governing documents and/or private placement memorandum includes a more detailed description of the relevant risks. Each prospective investor in a Partnership must acknowledge in writing that it has read and understood the description of such risk.

Item 9 - Disciplinary Information

In the past ten years, neither Square Mile nor its employees have been involved in any legal or disciplinary events that would be material to a client's evaluation of Square Mile or its personnel.

Item 10 - Other Financial Industry Activities and Affiliations

In addition to those provided by SMCM, services are provided to the Partnerships through the following affiliates thereof (acting as investment adviser and/or General Partner to a Partnership):

- Square Mile Capital Management II LLC
- Square Mile Capital Management III LLC
- Square Mile Capital Management IV LLC
- Square Mile Capital Management V LLC
- Square Mile Capital Management Core Credit LLC
- Square Mile Capital Management Core Credit II LLC
- Square Mile Capital Management Credit II LLC
- Square Mile Capital Management Tactical LLC
- Square Mile Capital Management Tactical II LLC
- Square Mile Capital Management Hospitality LLC
- Square Mile Capital Management Hospitality B LLC
- Square Mile Capital Management KP LLC
- Square Mile Capital Management 1166 AOA LLC
- Square Mile Capital Management (MHG) LLC
- Square Mile Capital Management TTG LLC
- Square Mile Capital Management (MUL) LLC
- Square Mile Capital Management PE LLC
- Square Mile GP LLC
- Square Mile GP II LLC

- Square Mile GP III LLC
- Square Mile GP IV LLC
- Square Mile GP V LLC
- Square Mile Credit GP LLC
- Square Mile Credit GP II LLC
- Square Mile Core Credit GP LLC
- Square Mile Core Credit MM II LLC
- Square Mile Tactical GP LLC
- Square Mile Tactical GP II LLC
- Square Mile DTLA Co-Investment GP LLC
- Square Mile Poultry GP LLC
- Square Mile Austin Hotel GP LLC
- Square Mile Hospitality GP LLC
- SM Hospitality MM Member LLC
- Square Mile 1166 AOA GP LLC
- Square Mile GP IV (AIV) LLC
- Square Mile OCS Co-Investment GP LLC
- Square Mile PE GP LLC
- Square Mile PE GP A LLC
- Square Mile TP II/CP II JIV MM LLC
- Square Mile TVC Co-Investment GP LLC

In addition, the Partnerships hold interests through conduit vehicles and/or subsidiaries that usually serve as general partners or managing members of other vehicles or joint ventures. The General Partners typically act on behalf of the Partnerships that serve in such capacity and are usually able to approve or reject investment decisions.

Realco, which has a 49.9% interest in Square Mile, and its affiliates engage in a broad spectrum of activities, including property and casualty insurance, life insurance, consumer banking, investment management and financial advisory activities, and have extensive investment activities, that are independent from and will from time to time conflict with, activities of Square Mile and the Partnerships. Realco is also providing fundraising and investor relation as well as certain compliance, finance and reporting services for Square Mile with respect to its investment vehicles.

It has been Square Mile's practice, dating back to its inception, to separately engage Real Estate Systems Implementation Group, LLC ("RESIG"), an independent consulting firm that provides fund administration services, and Imowitz Koenig & Co., LLP ("Imowitz"), a firm of certified public accountants that specializes in the real estate industry, to provide fund administration and tax services, respectively, with respect to Square Mile and each of the Partnerships. Accounting and administrative services provided to the Partnerships by employees of RESIG or Imowitz are charged as Partnership expenses and indirectly borne by the investors therein. Neil Koenig, an employee of RESIG and Imowitz, is also an investor in Square Mile Partners LP and has a small investment in Square Mile Partners III LP, along with a carry allocation, which he is obligated to share with the other partners of RESIG and Imowitz. However, Square Mile does not consider Mr. Koenig's Partnership investments in determining whether to continue its

relationship with him, RESIG or Imowitz. None of RESIG, Imowitz or Mr. Koenig is an affiliate of Square Mile or any of the Partnerships, and the fees paid by the Partnerships to RESIG and Imowitz therefore do not reduce the management fees payable by the Partnerships.

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

Code of Ethics. Square Mile has adopted a written Code of Ethics to ensure that Square Mile fulfills its role as a fiduciary to the Partnerships. The Code of Ethics is designed to address and avoid potential conflicts of interest and is applicable to all employees. The Code of Ethics requires employees to pre-clear certain personal securities transactions, report personal securities transactions on at least a quarterly basis, provide a detailed summary of certain holdings over which such employees have direct or indirect beneficial ownership upon commencement of employment and annually thereafter, internally report violations of the Code of Ethics to the Chief Compliance Officer (the "CCO") and certify their compliance with the Code of Ethics on an annual basis.

A copy of Square Mile's Code of Ethics is available upon request by an investor or prospective investor from the CCO, Daniel M. Kasell, who can be reached at (212) 616-1558 or dkasell@squaremilecapital.com, or from the Compliance Counsel, Miriam Sussman, who can be reached at (212) 271-4365 or msussman@squaremilecapital.com.

Participation or Interest in Client Transactions and Personal Trading. The General Partner of each Partnership or an affiliate of the General Partner generally has a material investment in its related Partnership. The foregoing relationships and any actual or potential conflicts of interest arising from these types of relationships are disclosed in the respective private placement memorandum and/or governing documents. To the extent Square Mile or a related person invests in the same securities as a Partnership or in securities offered by a third-party sponsor with whom a Partnership also invests in other deals, such transactions introduce a potential conflict of interest between the interests of the Partnership and the interests of Square Mile or its related persons. For example, a conflict of interest may arise in the possibility that Square Mile employees are allocating potentially profitable deals to themselves instead of the Partnerships. As another example, a potential conflict of interest could arise in that the interested related person could benefit from such a purchase or sale of the applicable securities by the Partnership. In order to mitigate these conflicts, Square Mile has adopted a Code of Ethics, whereby the CCO assesses such conflicts of interest before allowing Square Mile employees to make any such private investments (the CCO's assessment will include, among other considerations, compliance with applicable provisions of a Partnership's governing documents).

Further, if a related person makes a personal investment in a deal with a specific third-party sponsor, such related person may be conflicted when evaluating other deals with the same third-party sponsor for Partnerships managed by Square Mile, as investing Partnership assets in additional deals with the same sponsor may allow such related person access to future personal investment opportunities with the sponsor that they would not otherwise be granted. In such cases, Square Mile would take appropriate steps to address potential conflicts of interest based on the specific facts and circumstances in accordance with the relevant governing documents of such Partnership.

Management Fee. The payment of the management fees may give rise to certain conflicts of interest. The management fee amounts may increase as the Partnerships invest more capital.

As a result, it is possible that the management fees may create an incentive for the General Partners to seek to draw down and deploy capital more quickly and to retain investment longer than it would if the management fees were calculated based on capital commitments. There can be no guarantee that this incentive will not result in the General Partners selecting investments that may be less profitable than those investments that they would have selected if they were not incentivized to deploy capital quickly.

Fees for Services. The General Partners and their affiliates may receive origination fees, commitment fees, extension fees, prepayment fees, fees for waivers or consents to, or amendments in respect of, investments, and other similar fees (“Other Fees”) in connection with investments or unconsummated transactions with respect to certain Partnerships. Although the investors generally will receive an equivalent reduction in the management fee with respect to Other Fees, conflicts of interest may arise in connection with the payment of such fees. In addition, the General Partners and their affiliates may receive management and other similar fees from co-investors and joint venture partners with respect to investments made alongside such Partnerships, which co-investment fees will not cause a reduction in the management fee, and such co-investment fees could create an incentive for the General Partners to pursue an investment and structure the terms of such Partnerships’ investment differently than they otherwise would in the absence of such co-investment fees.

Allocation of Investment Opportunities. Square Mile generally does not need to allocate investments between multiple Partnerships. However, should more than one Partnership seeking similar or overlapping investment and/or asset type in conjunction with a particular targeted risk/return profile be investing capital at a given time, Square Mile shall seek to allocate investment opportunities in a manner that it believes to be in the best interest of all Partnerships involved and shall seek to allocate investment opportunities in a manner believed to be appropriate and on an equitable basis and in accordance with each applicable Partnership’s governing documents. Among the factors that can impact allocation and investment decisions across Partnerships are differing investment strategies and objectives, account restrictions, risk parameters, property-type and geographic diversification needs, cash flows, liquidity needs, tax considerations and other factors.

Coinvestments. From time to time, Square Mile may seek co-investment partners for the Partnerships, particularly with respect to relatively large transactions. Co-investment opportunities may, and typically will, be offered to some but not other investors, and certain persons other than investors (e.g., third parties) may be offered co-investment opportunities, including individuals or entities with which Square Mile’s senior executives have longstanding relationships. All decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of Square Mile and the General Partners. For each such co-investment offer, the investment committee of the applicable Partnership will generally determine, in good faith, that the allocation between the applicable Partnership and any co-investment partner(s) is in the Partnership’s best interest. As a general matter, Square Mile, in determining the allocation of discretionary co-investment opportunities to co-investment partners, generally expects to take into account various facts and circumstances deemed relevant by Square Mile, including among others, whether a potential co-investment partner has expressed interest in evaluating co-investment opportunities, whether a potential co-investment partner has a history of participating in co-investment opportunities with Square Mile, the size of the potential co-investment partner’s interest to be held in the underlying asset(s) as a result of the applicable Partnership’s investment (which may be based on the size of the potential investor’s capital commitment and/or investment in the applicable

Partnership), whether the potential co-investment partner has demonstrated a long-term and/or continuing commitment to the potential success of Square Mile, the applicable Partnership or other co-investment and/or other Partnerships, and such other factors that Square Mile deems relevant under the circumstances. In particular, Square Mile may agree with co-investment partners (including third-party investors and investors in the applicable Partnership) to more favorable rights with respect to co-investment opportunities than the rights afforded the applicable Partnership with respect to the subject underlying transaction, and, to the extent any such arrangements are entered into, they may result in fewer co-investment opportunities being made available to other investors. Furthermore, in connection with any such co-investment by third-party co-investors, Square Mile may establish one or more investment vehicles managed or advised by Square Mile to facilitate such co-investors' investment alongside a Partnership. Square Mile will document such determinations, including its identification and evaluation of any relationships between Square Mile and/or its senior executives and the co-investment partner(s) that present a potential conflict of interest.

The allocation of co-investment opportunities may involve a benefit to Square Mile including, without limitation, fees or carried interest from the co-investment opportunity, and capital commitments to the applicable Partnership, and such co-investment fees could create an incentive for the General Partner to pursue an investment, and structure the terms of the Partnership's investment in a manner, different than it otherwise would in the absence of such co-investment fees. The terms of any such co-investment will be negotiated by the applicable General Partner and the co-investment partner(s) on a case-by-case basis in their respective sole and absolute discretion. Strategic advisors, consultants, senior advisors and other similar professionals may co-invest alongside certain Partnerships. Management fees, carried interest or other similar fees received by Square Mile from co-investments will not offset management fees, carried interest or other similar fees paid by Partnerships to Square Mile. Also, certain co-investors may not pay any fees or carried interest in connection with the co-investment opportunity.

Investments with Third Parties. Square Mile may invest assets of a Partnership in other limited partnerships or pooled investment vehicles that specialize in particular real estate investments. As discussed in Item 5, through these types of investments, investors in the applicable Partnership may bear two layers of fees that include fees paid to the third-party sponsor of such other vehicle and fees paid to Square Mile. In addition, from time to time, Square Mile employees have personally invested in deals sponsored by third parties, and may continue to invest in such deals in the future. In addition, Square Mile employees may be conflicted when evaluating third-party sponsored deals for investment by a Partnership, as making such an investment may allow them access to future personal investment opportunities with such third-party that they would not otherwise be granted. Square Mile has implemented procedures that require the CCO to evaluate and pre-approve any proposed investment of the Partnerships in any investment with a third-party that is the sponsor of another transaction in which one or more Square Mile employees are invested.

Other Investment Vehicles. The General Partners and Square Mile or their affiliates have managed and advised and will in the future manage and advise other investment vehicles, accounts and clients which may have objectives similar, in whole or in part, to those of an applicable Partnership. In particular, each General Partner, Square Mile and their affiliates reserve the right to raise and/or manage one or more other Partnerships for the benefit of a limited number of specific investors which, in each case, may employ investment strategies that are substantially the same as, or that overlap with, those of such applicable Partnership.

A Partnership may co-invest with such other Partnership on a basis that the applicable General Partner believes in good faith to be fair and reasonable, including consideration of the deployment of remaining available capital of such applicable Partnership; provided, that any other Partnership that co-invests with such applicable Partnership in a completed investment will generally bear no less than its pro rata share (based on aggregate capital commitments) of all expenses related to such investment; provided, however, that the applicable General Partner may cause such expenses to be allocated on a different basis if it determines in its sole discretion that such other allocation is appropriate. There can be no guarantee that prospective investors in yet to be formed co-investment vehicles will agree to bear expenses related to unconsummated investments and therefore all such expenses may be borne by the Partnerships. Where another Partnership participates alongside such applicable Partnership in an investment, Square Mile intends that such applicable Partnership and such other Partnership shall generally participate proportionately based on the aggregate capital commitments of such applicable Partnership relative to the portion of such other Partnership's capital that has been designated to be used in investments alongside the applicable Partnership, adjusted (as determined by the applicable General Partner) to take into account any non-participation with respect to one or more investments, relative borrowing capacities of the entities and other relevant factors. The closing of other Partnerships could result in the reallocation of Square Mile personnel to such other Partnerships. In addition, potential investments that may be suitable for one Partnership may be directed toward or shared with such other Partnerships.

It should be noted that the terms of another Partnership (including the economic terms, investment limitations, diversification parameters and governance rights afforded to investors in such other Partnership) may materially differ from, or be materially more favorable to the investors in such other Partnership than, the terms of an applicable Partnership. Moreover, as a result of another Partnership's terms, including, for example, its investment limitations, diversification parameters and excuse and exclusion provisions (including the right of the other Partnership to voluntarily cease to fund new investments for any or no reason), there may be one or more investment opportunities where such other Partnership's participation is restricted or with respect to which such applicable Partnership's share is disproportionate relative to such other Partnership's interest therein. Conversely, it is also possible that another Partnership could receive a disproportionate share with respect to certain investment opportunities for such reasons. In addition, conflicts may arise in connection with the operation of such applicable Partnership and another Partnership. Specifically, the limited partners in such applicable Partnership and the investors in such other Partnership vote separately on matters pertaining to their respective entities. For example, a determination by the investors in the other Partnership to terminate such other Partnership or its investment period where a corresponding action is not taken on behalf of such applicable Partnership could affect the applicable General Partner's ongoing investment management decisions with regard to such applicable Partnership's investments, including, with respect to the timing, size and terms of any disposition of such investments on behalf of such applicable Partnership, and any actions taken on behalf of such other Partnership with respect to the winding up of its portfolio could adversely affect such applicable Partnership's investments. A Partnership may also participate in an investment that finances or otherwise provides the capital for the repayment, redemption or disposition of an investment held by another Partnership. There can be no assurance that the return on any of such applicable Partnership's investments will be equivalent to or better than the returns obtained by such other Partnership participating in such transaction.

Activities of USAA and Realco; Strategic Relationship with Square Mile. Realco and its affiliates engage in a broad spectrum of activities, including property and casualty insurance,

life insurance, consumer banking, investment management and financial advisory activities, and have extensive investment activities, that are independent from, and may from time to time conflict with, activities of Square Mile and the Partnerships. In addition, Realco and its affiliates may provide services in the future beyond those currently provided. The Partnerships will not receive a benefit from any fees received in connection with such services.

Realco and its affiliates have long-term relationships with a significant number of institutions and their senior management. In determining whether to invest in a particular transaction on behalf of the Partnerships, the General Partners will consider those relationships, which may result in the General Partners not undertaking certain transactions on behalf of the Partnerships in view of such relationships. Therefore, there can be no assurance that all potentially suitable investment opportunities that come to the attention of Square Mile, Realco or Realco's affiliates will be made available to the Partnerships. The Partnerships may also co-invest with clients of Realco (or of Realco's affiliates) in particular investment opportunities, and the relationship with such clients could influence the decisions made by the General Partners with respect to such investments.

Although the Chief Executive Officer manages the day-to-day operations of Square Mile and the Partnerships, Realco is entitled to representation on SMCM's board of directors, which establishes firm policies and strategies, and on the investment committee of certain Partnerships, each of which controls investment decisions of the related Partnership. In the future, it is intended that Realco will purchase the remaining interests in Square Mile held by the Chief Executive Officer and Mr. Citrin, which will have an attendant impact on control rights with respect to SMCM's board of directors, but such a transaction would not have an impact on the ownership of carried interest by the investment team. Moreover, the Chief Executive Officer is expected to continue to be responsible for the operations of Square Mile and the Partnerships, and is expected to remain a member of SMCM's board of directors and the investment committees of certain Partnerships, for so long as the Chief Executive Officer remains affiliated with Square Mile and its affiliates.

No Assurance of Ability to Participate in Investment Opportunities. It is generally not expected that Realco or its affiliates will make high-yield debt, distressed or "opportunistic" real estate investments or sponsor, manage or advise investment vehicles with the same primary investment objective as the Partnerships, although USAA and its affiliates (other than Realco) are not so restricted. It should be noted however, that Realco and its affiliates are not restricted from investing outside the Partnerships (or sponsoring an investment vehicle formed primarily to make investments) in first mortgage whole loans to be held as whole loans by Realco and its co-lenders, which could be investments that would otherwise fall within a Partnership's primary investment focus. However, it is generally expected that such investments by Realco or its affiliates (or such Realco-sponsored investment vehicles) will be non-controlling participations in whole loans originated by non-affiliated insurance companies and/or that such investments will have (i) a target return objective at the time of investment that is lower than the Partnerships' targeted return range and (ii) a position in the capital stack for the particular transaction that is typically more senior (e.g., with a lower detachment point) than the position in which a Partnership would otherwise be expected to invest. Moreover, Realco and its affiliates may advise other investment vehicles, accounts and clients having objectives that could overlap in certain circumstances with those of the Partnerships, including other collective investment vehicles in which Realco may have an equity interest. The Partnerships will not have any rights to investment opportunities in relation to the rights of such other vehicles or accounts and there may be circumstances where investments that are

consistent with the investment objectives of the Partnerships may be required or permitted to be made by or shared with such other investment vehicles, accounts or clients. The Partnerships will, in certain circumstances, co-invest with such other investment vehicles, accounts and clients on a basis that Square Mile believes in good faith to be fair and reasonable. Realco will be under no obligation to make any opportunity available to the Partnerships.

Material, Non-Public Information. As a result of the business activities of Realco and its affiliates, as well as investments made by Realco and its affiliates for their own account, Realco and its affiliates will acquire confidential or material non-public information and therefore be restricted from initiating transactions in certain securities. Disclosure of such information to Square Mile's personnel responsible for the affairs of the Partnerships will be on a need-to-know basis only, and the Partnerships will not be free to act upon any such information. Therefore, the Partnerships will not be provided access to material non-public information in the possession of Realco and its affiliates that might be relevant to an investment decision to be made by the Partnerships, and a Partnership may initiate a purchase or sale transaction that, if such information had been known to the Partnership, may not have been undertaken. In the event any material non-public information is disclosed to the Chief Executive Officer, or any other person responsible for the affairs of the Partnerships, the Partnerships will be prohibited by applicable securities laws and internal policies of Realco and its affiliates from acting upon any such information. Due to these restrictions, the Partnerships may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell a portfolio investment that it otherwise might have sold. In addition, under certain circumstances Square Mile may not be given access to material non-public information in the possession of Realco or its affiliates that may be relevant to an investment decision to be made by the Partnerships.

Side Letters. The General Partner may enter into a side letter or other similar agreement with a particular investor with respect to a Partnership without the approval of any other investor, which would have the effect of establishing rights under, altering or supplementing the terms of the governing documents with respect to such investor in a manner more favorable to such investor than those applicable to other investors in such Partnership. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) excuse rights applicable to particular investments (which may increase the percentage interest of other investors in, and contribution obligations of other investors with respect to, such investments), (ii) reporting obligations of the General Partner, (iii) waiver of certain confidentiality obligations, (iv) consent of the General Partner to certain transfers by such investor or other exercises by the General Partner of its discretionary authority under the governing documents for the benefit of such investor, (v) restrictions on, or special rights of, such investor with respect to the activities of the investor, (vi) withdrawal rights due to legal, regulatory or policy matters, including matters related to political contributions, gifts and other such policies, (vii) other rights or terms necessary in light of particular legal, regulatory or public policy characteristics of an investor, (viii) additional obligations, and restrictions of the Partnership with respect to the structuring of any investment (including with respect to alternative investment vehicles) and (ix) certain adjustments with respect to certain economic provisions. Costs of meeting requirements in a side letter or other similar agreement will generally be treated as a Partnership expense and thus will be borne by investors, including those investors who are not beneficiaries of such provisions.

Joint Venture Partners; Strategic Relationships. Some of the third parties and joint venture partners with which a General Partner may elect to co-invest a Partnership's capital have

pre-existing investments with Square Mile. The terms of these pre-existing investments may differ from the terms upon which a Partnership invests with such third parties and joint venture partners. To the extent a dispute arises between Square Mile and such third parties and partners, a Partnership's investments relating thereto may be affected. Square Mile has entered into and may in the future enter into strategic Partnerships or other multi-strategy or multi-asset class arrangements with investors that commit capital to a range of Square Mile's platform of products, investment ideas and asset classes. Such arrangements may include Square Mile granting certain preferential terms to such investors, including blended fee and carried interest rates that are lower than those applicable to the Partnership when applied to the entire strategic partnership or arrangement. Where management fees and carried interest are applicable at the level of such vehicles and accounts, such terms may include a waiver of management fees and carried interest on their investment in such Partnership. The foregoing preferential terms are not subject to the "most favored nation" provisions of such Partnership and are therefore unavailable to investors in such Partnership that have not entered into comparable arrangements with Square Mile.

Service Providers. Certain advisors and other service providers, or their affiliates (including accountants, appraisers, valuation experts, tax advisors, fund administrators, lenders, servicers, asset managers, bankers, brokers, attorneys, consultants and investment or commercial banking firms), to a Partnership and its portfolio entities may also provide goods or services to or have business, personal, political, financial or other relationships with Square Mile, the General Partner or their affiliates. Such advisors and service providers may be investors in a Partnership, affiliates of the General Partner, sources of investment opportunities or co-investors or counterparties therewith. These relationships may influence a General Partner in deciding whether to select or recommend such a service provider to perform services for a Partnership or a portfolio entity, especially because such advisors and service providers could be located at Square Mile's offices (the cost of which will generally be borne directly or indirectly by a Partnership or such portfolio entity, as applicable). Notwithstanding the foregoing, investment transactions for a Partnership that require the use of a service provider will generally be allocated to service providers on the basis of best execution, the evaluation of which includes, among other considerations, such service provider's provision of certain investment-related services and research that a General Partner believes to be of benefit to a Partnership. In certain circumstances, advisors and service providers, or their affiliates, may charge different rates or have different arrangements for services provided to Square Mile, a General Partner or their affiliates as compared to services provided to a Partnership and its portfolio entities, which may result in more favorable rates or arrangements than those payable by a Partnership or such portfolio entities.

Advisors and Operating Partners. Square Mile has engaged and retained and will in the future engage and retain strategic advisors, consultants, senior advisors and other similar professionals who are not employees or affiliates of Square Mile and who will, from time to time, receive payments from, or allocations with respect to, portfolio entities (as well as from Square Mile or the Partnerships), and such persons may receive fees for services that overlap with services provided by the General Partners and/or Square Mile. In such circumstances, such payments from, or allocations with respect to, portfolio entities and/or the Partnerships will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Square Mile, be deemed paid to or received by Square Mile and such amounts will not be subject to the offset provisions as described in the applicable governing documents. These consultants and/or other professionals may be offered the ability to co-invest alongside the Partnerships, including in those investments in which they are involved, or otherwise participate in equity

plans for management of any such portfolio entity, or invest directly in the Partnerships subject to reduced or waived management fees and/or carried interest. The nature of the relationship with each of the consultants and/or other professionals and the amount of time devoted or required to be devoted by them may vary considerably. In certain cases, they may provide the General Partners and/or Square Mile with industry-specific insights and feedback on investment themes, assist in transaction due diligence and make introductions to and provide reference checks on management teams. In other cases, they may take on more extensive roles and serve as executives or directors on the boards of portfolio entities or contribute to the origination of new investment opportunities. In certain instances Square Mile may enter into formal arrangements with these consultants, management teams for operating platforms and/or other professionals (which may or may not be terminable upon notice by any party), and in other cases the relationships may be more informal. They may either be compensated (including pursuant to retainers and expense reimbursement) from Square Mile, the Partnerships and/or portfolio entities or otherwise uncompensated unless and until an engagement with a portfolio entity develops.

Conflicting Fiduciary Duties to Other Square Mile Partnerships. Certain General Partners and their affiliates have structured and may in the future structure investments a result of which one or more other Partnerships are offered the opportunity to participate in the same or a separate debt tranche of investments allocated to a particular Partnership. As investment adviser to both such Partnership and such other funds and vehicles, Square Mile would owe a fiduciary duty to such other funds and vehicles as well as to such Partnership.

Item 12 - Brokerage Practices

Square Mile focuses on making investments in real estate-related assets, thus it does not ordinarily deal with any financial intermediary such as a broker-dealer, and commissions are not ordinarily payable to financial intermediaries such as broker-dealers in connection with such investments. To the limited extent Square Mile transacts in public securities it intends to select brokers based upon the broker's ability to provide best execution for the applicable Partnership. Square Mile does not select broker-dealers based on investor referrals.

Item 13 - Review of Accounts

Square Mile focuses on real estate and real estate-related investments. All investments are carefully reviewed and approved by the investment committee of the applicable Partnership. The investments are carefully monitored on a regular basis and are subject to the constant supervision and review by the investment committee of the applicable Partnership. The operations of Square Mile are managed by the Chief Executive Officer, with certain major decisions with respect to the business of Square Mile subject to the approval of SMCM's board of directors, which as of the date hereof comprises the Chief Executive Officer, Mr. Citrin and two directors appointed by Realco. The Chief Executive Officer generally also has primary oversight responsibilities for the Partnerships and, together with Mr. Citrin, another senior Square Mile employee and representatives of Realco, constitute the investment committees of certain Partnerships, each of which is responsible for all investment and disposition decisions of the related Partnership. Such investment committees utilize a consensus driven process requiring unanimity.

Square Mile provides each investor with unaudited quarterly financial reports of the applicable Partnership and audited financial statements annually. In addition, Square Mile holds an annual

meeting for investors in those Partnerships that are commingled investment funds and provides each of such investors with a Schedule K-1 annually and a capital account statement quarterly.

Item 14 - Client Referrals and Other Compensation

Upon the raising of a new Partnership, Square Mile may engage third-party placement agents to introduce prospective investors to the Partnership. To the extent a Partnership incurs placement fees for the use of a placement agent with respect to a certain investor, such investor's share of the management fee is reduced on a dollar-for-dollar basis.

Item 15 - Custody

Investors will not receive statements from any custodians. Instead, the Partnerships the assets of which Square Mile has custody are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and, in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended, are distributed within 120 days of the relevant Partnership's fiscal year-end.

Item 16 - Investment Discretion

Square Mile generally has full discretionary authority over the Partnerships, as described in the governing documents and/or private placement memoranda of the Partnerships.

Item 17 - Voting Client Securities

The Partnerships are primarily invested in private entities that typically do not issue proxies. In the limited circumstances where Square Mile or its affiliates hold publicly traded securities and receive proxies in connection with its publicly traded portfolio entities, it is Square Mile's policy to exercise the proxy vote in the best interest of its clients, taking into consideration all relevant factors, including, without limitation, acting in a manner that Square Mile believes will: (i) maximize the economic benefits to the client and (ii) promote sound corporate governance by the issuer. Whenever Square Mile is required to exercise a vote for a privately-held portfolio entity, the same standards and procedures shall apply. Square Mile will seek to avoid material conflicts of interest between its own interests on the one hand, and the interests of its Partnerships and investors on the other. If such conflicts of interest arise, they will generally be disclosed and/or resolved in a way that favors the interests of the Partnerships and/or investors over the interests of Square Mile and its employees.

Square Mile has adopted written policies and procedures governing the proxy voting process. A copy of these policies and procedures, as well as specific information about how Square Mile has voted in the past, is available to investors upon request.

Item 18 - Financial Information

Square Mile has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage the Partnerships.