

Form ADV Part 2A: FIRM BROCHURE



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This brochure provides information about the qualifications and business practices of Sterling Investment Management, LLC (“SIM”). If you have any questions about the contents of this brochure, please contact us at (561) 835-1810 or info@sterlingorganization.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

SIM is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

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

Item 2 – Material Changes

Since SIM's last annual update to the brochure (the "Brochure") dated March 29, 2023, SIM has revised this Brochure in its entirety to more clearly represent its business practices and operations.

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Item 4 – Advisory Business

Advisory Business

Sterling Investment Management, LLC (“SIM”), a Florida limited liability company, founded in 2012 as the asset management arm of Sterling Organization, a vertically integrated real estate firm headquartered in West Palm Beach, Florida. SIM focuses on investing in retail real estate, neighborhood fulfillment centers and mixed-use properties with a significant retail component either through a direct investment in real property, the acquisition of debt or debt-like instruments secured by or relating to such real property, or the acquisition of equity securities issued by public or private companies that are primarily engaged in investing in and/or operating such assets in select major U.S. markets. The Sterling Organization was founded in 2007.

SIM serves as the investment adviser for, and provides discretionary investment advisory services to, private funds (each, a “Fund”). SIM also provides discretionary investment advisory services to co-investment special purpose funds established to invest alongside a fund in a single investment (each, a “Co-Investment Fund”, and together with the Funds, the “Funds” unless the context otherwise requires).

Each Fund is affiliated with a general partner (“General Partner”) with authority to make investment decisions on behalf of the Funds. The General Partners are deemed registered under the Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “Advisers Act”), pursuant to SIM’s registration in accordance with SEC guidance. The applicable General Partner retains investment discretion and investors in the Funds do not participate in the control or management of the Funds. While the General Partners maintain ultimate authority over the respective Funds, SIM has been designated the role of investment adviser. For purposes of this Brochure, references to SIM shall include the General Partners, unless the context otherwise requires. For more information about the Funds and General Partners, please see SIM’s Form ADV Part 1, Schedule D, Section 7.A. and Section 7.B.(1).

Advisory Services

SIM provides investment advisory services to the Funds. SIM’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions of such investments. Investments are made predominantly in nonpublic companies, although investments in public companies are permitted in certain instances. An affiliate of SIM, Sterling Retail Services (“SRS”) provides property management, leasing and lease administration and development and construction services to the Funds’ portfolio investments.

SIM’s investment advice and authority for each Fund is tailored to the investment objectives of that Fund; SIM does not tailor its advisory services to the individual needs of investors in its Funds. The Fund investment objectives are described in and governed by, as applicable, the private placement

memorandum, limited partnership agreement, subscription agreements, investment advisory agreements, side letter agreements and other governing documents of the relevant Fund (collectively, “Governing Documents”) and investors determine the suitability of an investment in a Fund based on, among other things, the Governing Documents. SIM does not seek nor require investor approval regarding each investment decision.

Fund investors generally cannot impose restrictions on investing in certain securities or types of securities, other than through side letter agreements. Investors in the Funds participate in the overall investment program for the applicable Fund and generally cannot be excused from a particular investment except in certain circumstances pursuant to the terms of the applicable Governing Documents. In accordance with industry common practice, SIM has entered into side letters or similar agreements with certain investors including those who make substantial commitments of capital or were early-stage investors in the Funds, or for other reasons in the sole discretion of SIM, in each case that have the effect of establishing rights under, or altering or supplementing, a Fund’s Governing Documents. Examples of side letters entered into include provisions whereby investors have expressed an interest in participating in co-investment opportunities, advisory committee representation, certain fee arrangements, notification provisions, reporting requirements and “most favored nations” provisions, among others. These rights, benefits or privileges are not always made available to all investors, consistent with the Governing Documents and general market practice. Commencing in September 2024, SIM will make required disclosure of certain side letters to all investors (and in certain cases, to prospective investors) in accordance with the new Private Fund Rule. Side letters are negotiated at the time of the Fund’s closing, and once invested in a Fund, investors generally cannot impose additional investment guidelines or restrictions on such Fund. There can be no assurance that the side letter rights granted to one or more investors will not in certain cases disadvantage other investors.

Principal Owners/Ownership Structure

SIM is ultimately owned by trusts and investment vehicles controlled by Brian Kosoy (and certain family members), Adam Munder and Jordan Fried and is controlled by Brian Kosoy, Adam Munder and Jordan Fried. For more information about SIM’s owners and executive officers, see SIM’s Form ADV Part 1, Schedule A and Schedule B.

Regulatory Assets Under Management

As of December 31, 2023, SIM managed approximately \$1.953 billion in Fund regulatory assets, all managed on a discretionary basis. SIM does not manage any investments on a non-discretionary basis.

Item 5 – Fees and Compensation

SIM and its affiliated General Partners receive fees and compensation in exchange for advisory services provided to the Funds, including asset management fees, carried interest, additional compensation in connection with affiliated services performed for the portfolio investments of the

Funds and reimbursements from portfolio investments for certain expenses advanced on their behalf. Differences in fees and expenses exist from Fund to Fund, and certain Funds do not charge certain fees, compensation or expenses that other Funds charge or charge them in different amounts. The following is a general description of fees, compensation and expenses of the Funds. Investors should refer to the Governing Documents of the applicable Fund for a complete understanding of how SIM is compensated for its advisory services; the information contained herein is a summary only and is qualified in its entirety by such documents.

Asset Management Fees

SIM charges each Fund an asset management fee (the “Asset Management Fee”), generally 1.125-1.5% per annum of non-affiliated investor’s commitments. Specifically, Asset Management Fees are initially charged at 1.125-1.5% of each non-affiliated investor’s committed capital for the period of time during which each Fund is making investments (the “investment period”); thereafter, after the termination or expiration of the investment period, the Asset Management Fee is equal to 1.125-1.5% of each non-affiliated investor’s invested capital. The amount of Asset Management Fees generally will not correspond with fluctuations in a Fund’s net asset value, including following the stepdown date, and will not be reduced in connection with any write-downs, except in the case of investments that have been permanently written down. Permanent write-down determinations are made in the discretion of the valuation committee in accordance with the relevant Governing Documents and SIM’s valuation policy.

Assessed quarterly in advance, Asset Management Fees are collected through a capital call, through a draw-down on the line of credit or offset against a distribution to investors. All Asset Management Fees were negotiated with investors during the fundraising period of the applicable Fund and are not subject to negotiation thereafter. Generally, investors participating in a subsequent closing after the initial closing of a Fund are responsible for paying the Asset Management Fee as of the date of the initial closing of such Fund, plus interest, as applicable. In addition, Asset Management Fees are payable during term extensions unless otherwise agreed to with investors. Asset Management Fees are prorated for any partial calendar quarters.

The General Partners are permitted, in their sole discretion, to reduce or waive all or a portion of the Asset Management Fee. Asset Management Fees can differ from one Fund to another as well as among investors in the same Fund. Such differences arise from the size of an investor’s commitment to a Fund, provisions of side letter agreements or other negotiated terms. Asset Management Fees are generally waived for SIM employees investing in a Fund (either as direct investors or through a General Partner), affiliates, and their respective families investing in a Fund (although in each case, these investors generally pay their pro rata share of certain Fund expenses).

Affiliated Service Provider Fees and Expenses

Affiliates of SIM (namely employees of SRS) are hired to provide property management, leasing and lease administration and development and construction services and other services in connection with

real estate investments (the “Affiliate Services”). The properties owned by the Funds enter into agreements with SRS for Affiliate Services and in connection therewith, SRS or its affiliates are entitled to receive fees for such Affiliate Services. Any such fees and reimbursements paid by a portfolio investment or a Fund to SRS are in addition to the Asset Management Fee and Carried Interest received by SIM or its affiliates.

Transaction Fees

In the event SIM or its affiliates receive any breakup fees, transaction fees, monitoring fees, director’s fees or similar fees from third parties arising out of an investment (but excluding, for the avoidance of doubt, any Asset Management Fees and any Affiliate Services fees) such fees will be offset against the Asset Management Fee, net of all expenses incurred in generating such fees.

Carried Interest

Each Fund’s General Partner is entitled to be allocated carried interest (“Carried Interest”) with respect to the Funds, which is generally equal to 20-30% of all realized profits net of all expenses in excess of a 6.5-9.0% preferred return, depending on the Fund. Each Fund’s Carried Interest arrangement differs and is further described in full detail in the relevant Fund’s Governing Documents and more briefly in Item 6, below.

Fund Expenses

Each Fund is governed by its own Governing Documents, which details a description of expenses for such Fund. While differences exist among Funds, the following is a description of expenses generally charged to each Fund related to such Fund’s (and its subsidiaries’ and intermediate entities’) activities:

- out-of-pocket expenses incurred with respect to identifying, evaluating, structuring, negotiating, and closing any potential investments (whether or not consummated), including the organization and maintenance of any vehicle;
- legal, auditing, consulting, due diligence, financing, administration, accounting, appraisal, environmental, engineering, construction, licensing, research, travel (including, for certain employees, first-class and premium travel), food, lodging and custodian fees and expenses (other than those set forth in the Governing Documents as expenses of SIM);
- expenses associated with preparing and auditing financial statements, tax returns and any information to be provided to investors similar to that provided in Schedule K-1s;
- expenses of the advisory committees and annual meetings of investors;
- costs and expenses associated with obtaining, reviewing and maintaining insurance (including, without limitation, cybersecurity insurance, errors and omissions liability insurance, and/or

director and office liability insurance) and all costs and expenses associated with indemnifying covered persons;

- Asset Management Fees and all fees and other amounts payable to The Sterling Organization, SRS or their affiliates;
- other expenses associated with the acquisition, re-development, holding, management, improvement, operation, leasing, financing, valuation and disposition of investments, including brokerage commissions and other investment costs, any deposits and commitment fees, any technology, hardware or software expenses relating to Fund investment activities, any costs related to litigation and threatened litigation, arbitration, or other regulatory or tax proceedings, investigations or audits and other extraordinary expenses (including any judgments or settlements paid in connection therewith) involving a Fund and/or any vehicle;
- fees incurred in connection with the maintenance of bank or custodian accounts;
- any taxes, fees or other governmental charges levied against a Fund and/or any vehicle;
- expenses incurred in connection with the registration or qualification for exemption from the registration requirements of the securities of the Funds and any vehicles under applicable securities laws or regulations, and any expenses incurred by SIM to comply with the requirements under the Advisers Act, as such requirements relate specifically to the operations of the Funds;
- costs and expenses relating to the incurrence, negotiation and maintenance of indebtedness;
- fees, costs and expenses incurred in connection with the business and administration of the Funds or any vehicles;
- technology costs and expenses incurred in connection with the maintenance of data and other processing systems on behalf of the Fund investments; and
- all expenses of the Funds or any vehicles that are not normally recurring operating expenses.

To the extent that any expenses are paid by a General Partner, SIM or their respective affiliates, such expenses shall be reimbursed as appropriate by a Fund, any feeder fund, any parallel fund, any alternative investment vehicle and/or any vehicle. Notwithstanding the foregoing, any fees and expenses relating to the initial formation of any REIT entity and the initial qualification of a REIT entity as a REIT shall be borne by each of the Funds, the feeder fund(s), the parallel fund(s) and the alternative investment vehicle(s) pro rata in accordance with its respective Fund commitments, but the expenses relating to the ongoing maintenance of any REIT entities' status as a REIT shall be borne solely by the Fund investors indirectly participating in such REIT entity.

For information on SIM's brokerage practices and fees, please see Item 12, below.

SIM is permitted to invest in assets where the investment opportunity is shared with a joint venture partner that provides equity and/or services to the project. In such circumstances, it is possible that a joint venture partner will receive compensation in the form of fees or incentive allocations when investments outperform certain hurdles. This compensation would typically be paid to the joint venture partner by the underlying asset, which would be an indirect expense to the Funds.

Offering and Organizational Expenses

Each investor will bear its pro rata share of a Fund's expenses incurred in connection with the organization of the Fund ("Organizational Expenses"). The amount and type of Organizational Expenses varies by Fund and is further detailed in the Governing Documents of such Fund. Any amounts in excess of such permitted limit are borne by SIM.

Co-Investment Fees and Expenses

In certain circumstances, SIM permits certain investors and third parties to co-invest in investments alongside one or more Funds, subject to SIM's related policies and procedures, the relevant Governing Documents and/or side letter(s) or similar arrangements or agreements with lenders. Direct co-investors bear their pro rata share of operating expenses as recorded at the portfolio investment. Where a Co-Investment Fund is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. Since co-investments are incremental to the investment activities of a main Fund, any compensation received in connection with, related to or allocable to such co-investment does not reduce the Asset Management Fee payable by a Fund.

In the event a proposed transaction is not consummated, no co-investment vehicle generally will have been formed, and the full amount of any fees and expenses generated in the course of evaluating such investments, including out of pocket fees associated with due diligence, attorney fees, fees of other professionals and various other fees relating to such proposed but not consummated transaction ("broken deal expenses") will generally be borne by the Fund(s) selected as proposed investors for such proposed transaction and not by any prospective co-investors that were to have participated in such transaction. As a result, the Fund(s) selected as proposed investors for such proposed transaction will bear more than what would otherwise have been its share of such broken deal expenses. Conversely, co-investors who commit to a transaction after a Fund signs a definitive purchase agreement will lower the risk of broken deal or similar expenses incurred by such Fund (and indirectly, by such Fund's investors) in connection with such transaction based on the timing of when a co-investor becomes contractually obligated to invest.

Allocation of Expenses

In good faith and in its fair and reasonable discretion, SIM determines on a case-by-case basis whether an expense should be borne by SIM, a Fund, multiple Funds or an affiliate, such as SRS. Some expenses are incurred on an aggregate basis for the benefit of multiple Funds, SIM and/or SRS. To the extent that the Governing Documents do not expressly provide for a method of allocation or to the extent that an invoice does not relate to a specific Fund, SIM will typically allocate common expenses among multiple Funds on a pro rata basis and in accordance with its policies and procedures on expense allocation, unless another method is more equitable. The aggregate cost of such expenses are allocated in a fair and reasonable manner and in SIM's sole discretion. Where one or more Funds to which an expense would otherwise be allocable are not permitted to receive an allocation based on the applicable Governing Documents, the portion of the expense attributable to such Fund(s) will be borne by SIM.

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

A carried interest allocation represents an adviser's compensation based on a percentage of net profits of the funds it manages. A General Partner is entitled to receive a Carried Interest allocation on certain realized profits in the Funds, which is generally equal to 20-30% of all realized profits net of all expenses in excess of a 6.5-9.0% preferred return, depending on the Fund. Each Fund's Carried Interest calculation, as well as the clawback provisions of each Fund, is further described in the relevant Fund's Governing Documents received by each investor prior to investment in such Fund.

These performance fee arrangements have been structured subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. The General Partner of each Fund, in its sole discretion, is permitted to waive or reduce the amount of Carried Interest for certain Funds or investors in a Fund. Specifically, if principals and employees and their respective family members are investors in a Fund, they will generally pay reduced Carried Interest or none at all.

The fact that a General Partner's Carried Interest allocations are based on the performance of each Fund can create an incentive for SIM to make investments that are more speculative than would be the case in the absence of such distributions or to allocate an investment to a Fund that earns a higher Carried Interest, if applicable. However, SIM generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals.

SIM manages multiple Funds with similar investment strategies on a side-by-side basis. Management of multiple vehicles on a side-by-side basis has the potential to create conflicts of interest with regard to SIM's allocation of investment opportunities, expenses, time and attention of advisory personnel and consideration for certain transactions. Although SIM generally makes new investments for a Fund with the same investment objectives only after a predecessor Fund is substantially invested or

committed as more fully described in the applicable Fund's Governing Documents, management of side-by-side Funds can create an incentive for SIM or its personnel to favor a Fund in which SIM or an affiliate has a greater financial interest. To the extent that SIM manages Funds with varying Carried Interest terms (including amount, timing waterfall conditions or other terms) and/or SIM personnel are assigned different percentages of Carried Interest in different Funds, SIM and such personnel are subject to potential conflicts of interest to the extent they are involved in identifying investment opportunities as appropriate for a Fund from which they are entitled to receive a higher Carried Interest percentage.

To help minimize such conflicts of interest, SIM allocates investment opportunities which satisfy the investment parameters of more than one Fund in accordance with SIM's policies and procedures regarding investment allocation and the applicable Governing Documents and taking into consideration certain factors, as determined in SIM's sole discretion, which include, but are not limited to: the amount of available capital commitments of the applicable Fund(s); anticipated future capital requirements of an investment opportunity; life-cycle of the applicable Fund(s); expected time to obtain liquidity; legal, tax and regulatory considerations; and any other factors deemed relevant by SIM. SIM's procedures are designed to ensure that all investment decisions are made in accordance with SIM's fiduciary duties to its Funds and without consideration of SIM's (or its affiliates' or employees') pecuniary interest. SIM will not allocate investment opportunities based in whole or in part on the relative fee structure or amount of fees paid by any Fund or the profitability of any Fund. Investment allocation decisions are determined by the investment committee.

Item 7 – Types of Clients

SIM provides investment advice to its Funds, which are exempt from registration under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the "Investment Company Act"). The Funds limit their respective investors to : (i) "accredited investors" as defined in the Securities Act of 1933, and (ii) "qualified purchasers" or "knowledgeable employees," each as defined in the Investment Company Act, or (iii) if applicable, "qualified clients," as defined in the Advisers Act. Investors in the Funds must also meet certain other suitability qualifications prior to making an investment in a Fund. The Funds are not registered or required to be registered under the Investment Company Act, are not made available to the general public, their securities are not registered or required to be registered under the Securities Act of 1933 and Fund interests are privately placed to qualified investors. Qualified investors include individuals or entities to which Fund interests are permitted to be sold, which generally includes (i) in the United States, people or organizations who meet certain net worth, income and/or financial sophistication requirements as described above or (ii) in other countries, as permitted by the relevant securities laws in such jurisdiction and in compliance with any foreign offering provisions applicable to SIM and/or the Funds. The Funds typically require capital commitments from each investor of at least \$5 million, depending on the Fund, although the applicable Fund's General Partner has, in its sole discretion, accepted lesser amounts.

The investors participating in the Funds include high net worth individuals, other investment entities, university endowments, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations, fund of funds, corporations, limited partnerships, limited liability companies or other business entities or other service providers retained by SIM, and typically include, directly or indirectly, principals or other employees of SIM and its affiliates and members of their families.

On occasion, SIM offers co-investment opportunities for certain investors to invest alongside a Fund in certain Fund portfolio investments. Opportunities to participate in co-investment transactions arise when SIM has the opportunity for an investment in an existing or prospective portfolio investment and SIM determines that (i) an investment requires additional capital, (ii) all or a portion of the applicable opportunity is not required to be offered to a Fund, (iii) the full investment opportunity is not appropriate for a Fund, whether due to concentration restrictions contained in the Fund's Governing Documents or otherwise or (iv) SIM believes the Fund will benefit from the participation of the co-investor(s). Such determinations are based on the provisions of the applicable Governing Documents, side letter agreements, agreements with lenders and such other factors as SIM will consider in its sole discretion, including those specified in its policies on investment allocation and co-investments. Subject to any restrictions contained in the Governing Documents of the relevant Fund or any side letter or other terms negotiated with respect to such Fund, in general no investor has a right to participate in any co-investment opportunity. SIM's exercise of discretion in allocating co-investment opportunities will not always result in proportional allocations among co-investors and such allocations can be more or less advantageous to some co-investors relative to other co-investors. When co-investment opportunities are permitted, it is possible that the size of the investment opportunity otherwise available to the Fund will be less than it would otherwise have been without the inclusion of such co-investors.

SIM will select the investors that are permitted to co-invest in a particular portfolio investment in its sole discretion based on various factors, including those detailed in its Governing Documents and as outlined in its internal policies and procedures. While one or more investors in the Funds are on occasion invited to co-invest in a Fund's portfolio investments, SIM is authorized in its sole discretion to offer any or all of a co-investment opportunity to investors that are not investors in the Funds. Certain service providers, including lenders and individuals who source transactions, may negotiate co-investment rights or co-investment priority rights as a component of their compensation in connection with the services provided.

SIM can cause some co-investors in a Co-Investment Fund to bear an Asset Management Fee and/or Carried Interest while not imposing an Asset Management Fee and/or Carried Interest (or imposing a different Asset Management Fee or Carried Interest) on other co-investors. In certain cases, co-investment opportunities can include opportunities to invest in Fund portfolio investments at a time when there is not a corresponding Fund investment or on different terms than a Fund investment. Some co-investors can be provided a board seat or observer rights at a SIM portfolio investment. Such positions provide such persons with voting rights, access to information and potentially the

ability to influence the operations and decision-making of the portfolio investment that are not necessarily available to other investors.

Co-investments typically involve investment and disposal of interests in the applicable portfolio investment at the same time and on the same terms as a Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or Co-Investment Fund purchases a portion of an investment from a Fund after such Fund has consummated its investment in the portfolio investment (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or Co-Investment Fund generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment; however, in certain instances, a post-closing sell-down or transfer could occur well after the Fund's initial purchase. When co-investors purchase their interest from a Fund after the Fund has consummated the investment, the price paid by co-investors is typically determined by the Fund's General Partner in its sole discretion. Where appropriate, and in SIM's sole discretion, SIM reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund. The price may not reflect the full cost incurred by the Fund in connection with the investment, any interest charge on the co-investment amount, the cost of establishing the credit facility utilized to acquire the portfolio investment (if applicable) or the risk borne by the Fund in connection with purchasing and warehousing the investment. The Funds will bear the risk that any co-investors acquiring an interest in an investment after the closing of such investment will acquire such interest on terms that do not reflect the then-current value of such investment. In either case, potential co-investors typically do not bear any transaction costs of investments that are not consummated and are not subject generally to the same risks to which a Fund is throughout the investment process. SIM seeks to address any such potential conflict of interest by investing in accordance with its policies and procedures governing investment allocation and co-investments.

In the event SIM is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, it is possible that a Fund will consequently hold a greater concentration and have greater exposure in the related investment opportunity than was originally intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto and would result in a greater concentration of risk as a result. To mitigate such risk, each investment is subject to concentration limits as described in the relevant Fund Governing Documents. Despite these concentration limits, it is possible an investment that is not syndicated to co-investors as originally anticipated could result in a significant impact to a Fund's overall investment returns.

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

Investment Strategy

SIM invests in real estate properties located in the United States that meet the investment criteria of the relevant Fund. SIM is currently investing in three separate and distinct strategies: (1) Value-Add retail real estate; (2) Core, Grocery-anchored shopping centers; and (3) LAST HOUR® consumer fulfillment and distribution real estate.

In implementing its strategy, SIM's generally focuses on the key tenants of its investment philosophy, which include: (i) underperforming assets; (ii) assets (negatively or positively) impacted by the COVID-19 pandemic; (iii) "complicated" transactions; (iv) motivated sellers; (v) institutions selling labor intensive assets; (vi) rise of demand for space and rental growth in first- and second-ring suburbs in major markets resulting from the hybrid work trend; (vii) high-yield/cash-flowing opportunities; (viii) portfolio transactions with geographic and/or asset risk diversity; (ix) densification opportunities; and (x) arbitrage between the valuations of publicly traded retail real estate companies and private market valuations.

The applicable Governing Documents of each Fund set forth more detailed descriptions of each Fund's investment strategies and methods of analysis. There can be no assurance that SIM will achieve the investment objectives of the Funds and a loss of investment is possible.

Risks

An investment in the Funds involves a high degree of risk, including the risk of a partial or total loss of capital, and investors must be prepared to bear capital losses which might result from investments. An investment in the Funds is speculative, illiquid and long-term in nature, and is suitable only for those investors who have the financial sophistication and expertise to evaluate the merits and risks of an investment in the Funds. Investors should also refer to a Fund's Governing Documents for a description of the risk factors specific to their Fund. Different or new risks not addressed below will likely arise in the future and, therefore, the following list is not intended to be exhaustive. Risks and potential conflicts of interest include, but are not limited to, the following:

Risks

Real Estate Investments. Real property investments are subject to multiple risks. Real estate values are affected by a number of factors, including: changes in the general economic climate, local conditions (such as an oversupply of space or a reduction in demand for real estate in an area), the quality and philosophy of management, competition from other available space, the ability of the owner to provide adequate maintenance and insurance and to control variable operating costs, adverse changes in zoning laws or adverse zoning determinations, and other factors that are beyond the control of the Funds. Shopping centers, in particular, can be affected by changing perceptions of retailers or shoppers regarding the safety, convenience and attractiveness of the shopping center and by the overall climate

for the retail industry (including the impact of the internet on the ability of consumers to shop online rather than frequenting shopping centers). Real estate values are also affected by such factors as government regulations and fiscal policies, interest rate levels, civil unrest, acts of God including earthquakes, hurricanes and other natural disasters, acts of war or terrorism (any of which may result in uninsured losses), the availability, cost and terms of financing and potential liability under, and changes in, environmental, zoning, tax and other laws. As a significant portion of a Fund's income is expected to be derived from rental income from real property, a Fund's income and cash flow would be adversely affected if a significant number of the Fund's tenants were unable to meet their obligations, or if a Fund were unable to rent the vacant space at its properties to viable tenants on economically favorable terms. In the event of default by a tenant, a Fund is likely to experience delays in enforcing, as well as incur substantial costs to enforce, the Fund's rights as a landlord. In addition, certain significant expenditures associated with each equity investment (such as mortgage payments, real estate taxes and maintenance costs) are generally not reduced even though there could be a reduction in income from the investment.

Diversification of Investments. While a Fund's investment strategy is intended to be diversified by number of assets and geographic location, the investments made by the Fund will be concentrated, directly or indirectly, in properties consistent with its investment strategy. Further, a Fund can make investments in contemplation of sales or refinancings which do not occur as expected, resulting in the Fund having an unintended long-term investment and reduced diversification. As a consequence, the aggregate return on a Fund's investments can be adversely affected by the geographic concentration of the Fund's investments or the unfavorable performance of its properties in general and will be at a greater risk to overall changes in the economy or interest rates than if the Fund were less concentrated. Since a Fund only makes a limited number of investments and since many of the investments involve a high degree of risk, poor performance by a few of the Fund's investments could severely affect the total returns to investors. In addition, if a Fund is unable to raise its target capitalization, the Fund will make fewer investments, which can result in a greater concentration of the Fund's capital and the types of investments available to the Fund could be more limited than if the Fund's target capitalization is obtained. This lack of diversification has the potential to have a negative impact on the ability of a Fund to achieve its investment objectives.

Capital Structures. Some of the Funds' current strategies are to acquire assets using a variety of capital structures, including direct investments in real estate, investment in debt and debt-like instruments secured by or related to real estate and investments in equity securities issued by public or private companies that are primarily engaged in investing in and/or operating real estate. Accordingly, a Fund will be required to maintain expertise, relationships and market knowledge across a range of investment types, and will be subject to the market conditions affecting each such investment structure in various markets. This approach could require more management time, staff support and expense than would be experienced with a fund whose focus is dedicated to a greater extent on a single investment structure.

Non-Performing Assets. The Funds will likely make investments in non-performing or other troubled assets that involve a high degree of financial risk and there can be no assurance that a Fund's investment objectives will be realized or that there will be any return of capital to partners. Furthermore, investments in properties operating in workout modes or under bankruptcy protection laws may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of an investor's original investment. In addition, under certain circumstances, payments to a Fund and distributions to investors have the potential to be reclaimed if any such payments or distributions are later determined to have been fraudulent conveyances or preferential payments under applicable law. Furthermore, investments in assets subject to restructurings can be adversely affected by statutes related to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt as equity contributions.

Litigation. The Funds' investment activities include activities that will subject them to the risks of becoming involved in litigation by third parties with conflicting interests. The expense of defending claims against a Fund by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Fund and would reduce net assets and could require investors to return distributed capital and earnings to the Fund. SIM and its affiliates will be indemnified by the relevant Fund in connection with such litigation, subject to certain conditions.

Equitable Subordination. In recent years, a number of judicial decisions in the U.S. have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of the Fund's investments, a Fund could be subject to allegations of lender liability.

In addition, under common law principles that, in some cases, form the basis for lender liability claims, if a lending institution (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as an equity holder to dominate or control a borrower to the detriment of the other creditors of such borrower, then a court applying bankruptcy laws may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination". A Fund could be subject to claims from creditors of an obligor that the Fund's investments in debt obligations of such obligor should be equitably subordinated. Alternatively, in bankruptcy a court may re-characterize a Fund's claims or restructure the debt using "cram down" provisions of the bankruptcy laws.

“Bad Boy” Guarantees. Lenders customarily require that a creditworthy parent entity enter into so-called “recourse carve-out” guarantees to protect the lender against certain bad faith or other intentional acts of the borrower in violation of the loan documents. A “bad boy” guarantee typically provides that the lender can recover losses from the guarantors for certain bad acts, such as fraud or intentional misrepresentations, intentional waste, willful misconduct, criminal acts, misappropriation of funds, voluntary incurrence of prohibited debt and environmental losses sustained by lender. In addition, “bad boy” guarantees typically provide that the loan will be a full personal recourse obligation of the guarantor for certain actions, such as prohibited transfers of the collateral, changes of control of the borrower and voluntary bankruptcy of the borrower. It is expected that financing arrangements with respect to a Fund’s investments generally will require “bad boy” guarantees from the Fund and in the event that such a guarantee is called, a Fund’s assets could be adversely affected. A Fund may provide “bad boy” guarantees on behalf of an alternative investment vehicle, co-investment vehicle or vehicle investing alongside the Fund and as such guarantees are not for borrowed money, they will typically not be included as part the Fund’s outstanding leverage for purposes of calculating the overall debt limit applicable to the Fund. A Fund can in certain circumstances, but shall not be required to, receive a fee or other consideration for providing guarantees for the benefit of an investment.

Risk of Guarantees. A Fund can incur indebtedness to finance its investments, including by entering into guarantees of obligations on its own behalf or on behalf of its affiliates and subsidiaries. For example, a Fund may guarantee up to 10% of the principal balance of a loan that relates to a Fund investment. If a Fund enters into any such guarantee, there is a risk that the applicable borrower will not be able to satisfy its debt obligations and the Fund will be required to fund capital in order to satisfy such obligation. Moreover, if a Fund cannot satisfy such obligations, there is a risk of loss of some or all of the Fund’s investments through foreclosure or a financial loss if the Fund is required to liquidate assets, the impact of which could be magnified if such a liquidation is at a commercially inopportune time. Furthermore, there is no assurance that a Fund will have sufficient capital to cover any such loss.

Bridge Investments. If a Fund makes an investment with the intent of subsequently financing a portion of that investment, there is a risk that the Fund will be unable to successfully complete such a financing. This could lead to a Fund having a larger amount of capital invested in an investment than anticipated and reduced diversification.

Construction or Disposition of Investments Risk. In connection with the disposition of an investment, the Funds will generally be required to make representations about the investment typical of those made in connection with the sale of any property or provide limited construction warranties. Although a Fund will attempt to structure transactions so that it does not have to do so, a Fund can also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be incorrect, inaccurate, or misleading or there are material construction or other defects. These arrangements can result in contingent liabilities, which might ultimately have to be funded by a Fund’s investors to the extent of their unfunded commitments, or, in some cases, a Fund will have to reserve for such contingencies.

Availability of Opportunities. A Fund's operating results are dependent upon the availability of, as well as the ability of SIM to identify, structure, consummate, leverage, manage, renovate, develop, lease and realize returns on investment opportunities. In general, the availability of desirable investment opportunities and, consequently, a Fund's returns, will be affected by the level and volatility of interest rates, conditions in the financial markets, general economic conditions, the market and demand for investment opportunities, the supply of capital for such investment opportunities, the level of government involvement in capital markets and the enactment of legislation changing tax and accounting rules historically favorable to investments in real estate. SIM cannot provide any assurances that it will be successful in identifying and consummating investments which satisfy a Fund's rate of return objectives or that such investments, once consummated, will perform as anticipated. SIM will expend significant time and resources in identifying and pursuing targeted investments, some of which will possibly not be consummated.

General Economic Conditions. The Funds' operations and performance depend on general economic conditions, including the health of the consumer. A financial downturn could result in a decline in consumer spending, credit tightening and high unemployment, and, therefore, could have an adverse effect on the businesses of many of a Fund's tenants resulting in delays in leasing or re-leasing properties and higher vacancy rates.

An economic downturn can also negatively impact a Fund's investments in equity securities and the global credit markets and impair a Fund's ability to obtain mortgage loans to purchase properties, obtain financing to complete redevelopment projects, or successfully refinance properties as loans become due on favorable terms or at all. Furthermore, if a Fund is unable to borrow money, the Fund would likely need to sell some of its assets at unfavorable prices in order to repay its loans. To the extent that the availability of credit is limited, it also has the potential to adversely impact a Fund's notes receivable as counterparties may not be able to obtain the financing required to repay the loans upon maturity.

Inflation. Inflation and rapid fluctuations in inflation rates can have a negative impact on the economy and financial markets and can lead to a negative impact on the Funds' investments, as operating costs have the potential to increase at a rate higher than a Fund's revenues from its investments and/or there are likely to be adverse effects on tenant leases. Further, governmental efforts to curb inflation often have negative effects on the level of economic activity. There are no assurance that inflation will not become a serious problem and have an adverse impact on a Fund's returns.

Illiquid Investments. Except for investment in publicly traded securities of real estate companies, real estate investments (debt and equity) are relatively illiquid and some are highly illiquid. Such illiquidity will limit a Fund's ability to vary its portfolio of investments in response to changes in economic and other conditions. Illiquidity results from the absence of an established market for investments as well as the legal or contractual restrictions on their resale. In addition, illiquidity will result from the decline in value of a property comprising one of the Fund's investments. There can be no assurances that the fair market value of any property held by a Fund will not decrease in the future, leaving the Fund's investment relatively illiquid.

Leverage. SIM will utilize leverage with the goal of enhancing the Funds' returns. A Fund's failure to obtain leverage at the contemplated levels, or to obtain leverage on attractive terms, can have a material adverse effect on the Fund. Use of leverage will subject a Fund to risks normally associated with debt financing, including the risk that a Fund's cash flow will be insufficient to meet required payments of principal and interest, the risk that indebtedness on the investments will not be able to be refinanced, the risk that the terms of such refinancing will not be as favorable as the terms of the existing indebtedness or the risk that a Fund will be unable to repay its debt at maturity and the lender could seize the Fund's assets. A Fund can incur indebtedness in which recourse is not limited to specific assets of the Fund and indebtedness which is collateralized by more than one Fund asset, creating a situation where a Fund's investment in performing assets could be adversely impacted when those performing assets have been cross-collateralized with assets that become non-performing.

In addition, a Fund can incur indebtedness that has the potential to bear interest at variable rates. Variable rate debt creates higher debt service requirements if market interest rates increase, which would adversely affect a Fund. A Fund has the ability in the future to engage in transactions to limit its exposure to rising interest rates as it deems appropriate and cost effective, which transactions could expose the Fund to the risk that counterparties to such transactions may not perform and cause the Fund to lose the anticipated benefits therefrom, which would have the adverse effects associated with increases in market interest rates.

Potential dislocations in the credit markets make it difficult or impossible for a Fund to obtain financing on terms that SIM would otherwise deem favorable. Further, a tightening of the credit markets can limit the amount of leverage available to a Fund to finance investments, which, in turn, can have a material adverse effect on a Fund's targeted rate of return. If the credit markets were slow to recover following a downturn, it would likely prove difficult for a Fund to refinance the Fund's indebtedness on favorable terms.

Holding Leveraged Investments. Leverage creates an opportunity for increased return on equity, but at the same time creates risk for the Funds to incur losses. For example, leveraging magnifies changes in a Fund's net worth. A Fund will leverage assets only when there is an expectation that leverage will provide a benefit, such as enhancing returns, although a Fund cannot assure that the use of leverage will prove to be beneficial. Increases in credit spreads in the market generally adversely affect the market value of a Fund's investments. Moreover, a Fund cannot assure that it will be able to meet debt service obligations in general and, to the extent such obligations are not met, there is a risk of loss of some or all of a Fund's investments through foreclosure or a financial loss if the Fund is required to liquidate assets, the impact of which could be magnified if such a liquidation is at a commercially inopportune time.

Use of Leverage and Financing. In the event that a Fund's leverage has a shorter term than a financed investment, the Fund may not be able to extend or find appropriate replacement leverage and that would have an adverse impact on the Fund's liquidity and its returns. In the event that a Fund's leverage is longer term than a financed investment, the Fund may not be able to repay such leverage or replace

the financed investment with an optimal substitute, which will negatively impact the Fund's desired leveraged returns.

A Fund's attempts to mitigate such risk are subject to factors outside of the Fund's control, such as the availability to the Fund of favorable financing and hedging options, which are subject to a variety of factors, of which duration and term matching are only two such factors.

Credit Agreements. The Funds make certain representations, warranties and affirmative and negative covenants in credit agreements that can restrict a Fund's ability to operate while still utilizing those sources of credit. Such representations, warranties and covenants can include but are not limited to restrictions on partnership guarantees, the maintenance of certain financial ratios (including a Fund's ratio of debt to equity capital and its debt service coverage ratio), the maintenance of a minimum net worth, restrictions against a change of control of a Fund and limitations on alternative sources of capital.

Guarantee of Leverage and Contingent Obligations. A Fund can guarantee the performance of some of its subsidiaries' obligations, including but not limited to some of its obligations to co-invest in vehicles and unsecured indebtedness. Non-performance on such obligations has the potential to cause losses to a Fund in excess of the capital the Fund initially may have invested/committed under such obligations and there is no assurance that the Fund will have sufficient capital to cover any such losses.

Hedging. The investments made by a Fund are subject to fluctuations in interest rates which may not be adequately protected, or protected at all, by that Fund's hedging strategies. To the extent that it can do so without requiring SIM to register as a "commodity pool operator" under the Commodity Exchange Act, a Fund will employ various hedging strategies to limit the effects of changes in interest rates (and in some cases credit spreads), including engaging in interest rate swaps, caps, floors and other interest rate derivative products, subject to applicable regulatory restraints.

No strategy can completely insulate a Fund from the risks associated with interest rate changes and there is a risk that they might provide no protection at all and potentially compound the impact of changes in interest rates. Hedging transactions involve certain additional risks, such as counterparty risk, the legal enforceability of hedging contracts, the early repayment of hedged transactions, costs to break rate locks and the risk that unanticipated and significant changes in interest rates can cause a significant loss of basis in the contract and a change in current period expense. Hedging transactions also involve additional costs and expenses, which can include penalties that impair the value of certain investments. Thus, while a Fund can benefit from the use of hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates can result in a lower overall performance for the Fund than if it had not entered into such hedging transactions. A Fund cannot make any assurances that it will be able to enter into hedging transactions or that such hedging transactions will adequately protect against the foregoing risks. In addition, cash flow hedges which are not perfectly correlated (and appropriately designated/documented as such) have the potential to impact the Fund's reported financial statements.

Social Media. There has been a significant increase in the use of social media platforms, including weblogs, social media websites and other forms of Internet-based communications, which allow individuals to access an unfettered amount of information about e-commerce retailers, traditional retailers and retail tenants. The availability of information through these platforms is virtually immediate as is its impact, and such information can be posted at any time without affording a tenant an opportunity to redress or correct incorrect information in a timely manner. This information may be inaccurate and can harm a tenant's reputation, brand image, goodwill, performance, prospects and business, which can ultimately adversely affect a Fund and its properties.

ADA Compliance. A Fund's real estate assets may be required to comply with certain federal requirements related to access and use by disabled persons pursuant to Title III of the Americans With Disabilities Act (the "ADA") to the extent that such properties are "public accommodations" and/or "commercial facilities" as defined by the ADA. Compliance with the ADA requirements could require removal of structural barriers to handicapped access in certain public areas of properties where such removal is readily achievable. In addition, changes in governmental rules and regulations or enforcement policies affecting the use or operation of the properties, including changes to building, fire and life-safety codes, can occur. Properties acquired by a Fund have the potential to not be in compliance with the ADA or other governmental requirements. If a property is not in compliance with the ADA or other governmental requirements, then that Fund will likely be required to make modifications to such property to bring it into compliance, or face the possibility of an imposition of fines or an award of damages to private litigants. In either case, the Fund can suffer losses, which would reduce amounts available for distributions to the partners of the Fund.

A Fund's performance depends on the economic conditions in markets in which the Fund's properties may be concentrated. A Fund's operating results could be adversely affected if market conditions, such as an oversupply of space or a reduction in demand for real estate, in a particular area become more competitive relative to other geographic areas. The Funds are not limited in the number of properties in which a Fund may seek to invest or on the concentration of investments in any one geographic region.

Geography. A Fund's performance depends on the economic conditions in markets in which that Fund's properties are concentrated. A Fund's operating results can be adversely affected if market conditions, such as an oversupply of space or a reduction in demand for real estate, in a particular area become more competitive relative to other geographic areas. A Fund is not limited in the number of properties in which the Fund may seek to invest or on the concentration of investments in any one geographic region.

Ability to Follow Investment Strategy. A Fund's investment strategy is based on the acquisition and redevelopment of properties, including acquisitions through co-investment programs such as joint ventures. In the context of a Fund's business plan, "redevelopment" generally means an expansion or renovation of an existing property. The consummation of any future acquisitions will be subject to satisfactory completion of SIM's extensive valuation analysis and due diligence review and to the

negotiation of definitive documentation. A Fund cannot be sure that it will be able to implement its strategy because the Fund could have difficulty finding properties, re-purposing such properties, negotiating with new or existing tenants or securing acceptable financing.

Acquisitions of properties entail the risk that investments will fail to perform in accordance with expectations, including operating, development, redevelopment and leasing expectations. Redevelopment is subject to numerous risks, including risks of construction delays, cost overruns or uncontrollable events that may increase project costs, new project commencement risks such as the receipt of zoning, occupancy and other required governmental approvals and permits, and incurring development costs in connection with projects that are not pursued to completion.

Due Diligence. There can be no assurance that SIM's due diligence processes will uncover all relevant facts that would be material to an investment decision, including any weakness in such investment. Before making an investment, SIM will assess the strength of the underlying property and any other factors that it believes are material to the performance of the investment. In making the assessment and otherwise conducting customary due diligence, SIM will rely on the resources available to it and, in some cases, investigations by third parties.

However, the properties in which a Fund invests may have design, construction or other defects or problems that require unforeseen capital expenditures, special repair or maintenance expenses or the payment of damages to third parties. Engineering, seismic and other reports on which a Fund may rely as part of any pre-acquisition due diligence investigations of these properties may be inaccurate or deficient, at least in part because defects may be difficult or impossible to ascertain. Statutory or contractual representations and warranties made by various sellers of properties that a Fund acquires do not always protect the Fund from liabilities arising from property defects. Furthermore, after selling a property, a Fund has the potential to continue to owe a statutory warranty obligation to the purchaser thereof if any latent defects in such property are subsequently discovered.

In addition, a Fund can acquire existing real estate from third parties, including off-market and non-intermediated transactions, portfolio acquisitions and future purchase transactions. There can be no assurance that unanticipated problems and undisclosed liabilities or contingencies will not arise with respect to the acquired properties or that the acquired properties will not achieve the anticipated rental rates or occupancy levels factored into the pricing of the transaction. Investments involve a number of risks inherent in assessing the values, strengths, weaknesses and profitability of properties as well as the potential improvements needed to increase financial returns. Although SIM expects that opportunities for the advantageous acquisition of properties will arise for the Funds, there can be no assurance that any such investment opportunities will arise.

Expedited Decisions. Investment analyses and decisions by SIM are frequently required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to SIM at the time of making an investment decision is sometimes limited, and SIM sometimes does not have complete information regarding the investment asset(s), such as physical matters, zoning, regulations or other local conditions affecting an investment. Therefore, no assurance

can be given that SIM will have knowledge of all circumstances that may adversely affect an investment. In addition, SIM expect to rely upon specialized expert input from third-party consultants and service providers in connection with their evaluation of proposed investments.

Joint Ventures. The Funds will make investments through partnerships, joint ventures or other entities. Such investments can involve risks not present in direct investments, including, for example, the possibility that a co-venturer or partner of a Fund might suffer financial difficulties or become bankrupt, or may at any time have economic or business interests or goals which are inconsistent with those of the Funds, or that any such co-venturer or partner may be in a position to take action contrary to the Funds' objectives. Furthermore, if such co-venturer or partner defaults on its funding obligations, it may be difficult for a Fund to make up the shortfall from other sources. A Fund may be required to make additional contributions to replace such shortfall, thereby reducing the diversification of its investments. Any default by such co-venturer or partner could have an extremely deleterious effect on a Fund, its assets and the interests. In addition, a Fund may be liable for the actions of its co-venturers or partners. While SIM will attempt to limit the liability of the Funds by reviewing the qualifications of and previous experience of co-venturers or partners, they do not expect to obtain financial information from, or to undertake private investigations with respect to, prospective co-venturers or partners. There will be no limitation under a Fund's organizational documents as to the amount of funds that may be invested in joint ventures.

Any disputes that may arise between co-ventures or partners and a Fund may result in litigation or arbitration that would increase the Fund's expenses and prevent the officers and/or directors of SIM or its affiliates from focusing their time and effort on a Fund's business. Consequently, actions by or disputes with co-ventures or partners might result in subjecting properties owned by the joint venture to additional risk.

These factors could limit the return that a Fund receives from such investments or cause a Fund's cash flows to be lower than the Fund's estimates.

Investment Control. In certain situations, the Funds may (a) acquire only a minority interest in a property or other asset in which it invests, (b) rely on independent third-party management or strategic partners with respect to the management of a property or other asset in which it invests, (c) acquire only a participation interest in an asset underlying an investment, or (d) invest in publicly traded securities. The Funds may also co-invest with third parties through partnerships, joint ventures or other entities, thereby acquiring non-controlling interests in certain investments. Therefore, a Fund may not be able to exercise control over the investment. Such financial assets may involve risks not present in investments where senior creditors, servicers, or third-party controlling investors are not involved.

Accordingly, such investments can involve risks not present in investments where third parties (e.g., third-party controlling investors) are not involved, including the possibility that a third-party partner or co-investor may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Funds, or could be in a position to take action contrary to a Fund's investment objectives. Further, a Fund's rights to

control the process following a borrower default may be subject to the rights of senior creditors or servicers whose interests may not be aligned with the Fund.

In addition, in these circumstances, a Fund may not receive sufficient information in order to monitor the performance of its investments.

SIM Management Team. The Funds will have no employees and will be dependent on SIM and its affiliates for the management and administration of the Funds' business and investments. The success of a Fund will depend on the experience, relationships and expertise of SIM and its affiliate's key management members. There can be no assurance that these individuals will remain in the employ of SIM or otherwise continue to be able to carry on their current duties throughout a Fund's term. The loss of the services of key executive-level employees could have a material adverse effect on a Fund's results of operations.

In addition, SIM and its respective affiliates have investments in real estate in which the Funds do not have an ownership interest. Consequently, certain members of the management team may have conflicts in allocating their time and services among the Funds and other ventures they may be involved in. SIM will be responsible for the Funds' investment and financing policies and the Funds' debt, capitalization, distribution, acquisition, disposition and operating policies. Although these activities must be carried out within the parameters set forth in the Governing Documents, SIM's management team will act as it deems necessary and appropriate with respect to these activities without the consent of the limited partners. Consequently, the limited partners will not have the opportunity to evaluate for themselves the merits of particular investments prior to or after a Fund's investment in a particular property. Further, investors have no right or power to take part in a Fund's management, other than by voting on certain other matters as provided in the Governing Documents. Accordingly, no person should purchase an interest unless such person is willing to entrust all aspects of a Fund's management to SIM.

Acquisitions, Dispositions and Financings. SIM will be responsible for the Funds' investment and financing policies and the Funds' debt, capitalization, distribution, acquisition, disposition and operating policies. Although a Fund's investment activities must be carried out within the parameters set forth in the Governing Documents, SIM's management team will act as it deems necessary and appropriate with respect to these activities without the consent of the Funds' investors. Consequently, the investors will not have the opportunity to evaluate for themselves the merits of particular investments prior to or after a Fund's investment in a particular property.

Development and Construction. Some Funds are expected to engage in development and construction activities with respect to the Funds' properties. A Fund's development and construction activities include risks that:

- The Fund may abandon development opportunities after expending resources to determine feasibility;

- Construction costs of a project may exceed the Fund's original estimates;
- Occupancy rates and rents at a newly-completed property may not be sufficient to make the property profitable;
- Financing for development of a property may not be available to the Fund on favorable terms or at all;
- The Fund may not complete construction and lease-up on schedule, resulting in increased debt service expense and construction costs; and
- The Fund may not be able to obtain, or may experience delays in obtaining, necessary zoning, land use, building, occupancy and other required governmental permits and authorizations.

Additionally, the time frame required for development, construction and lease-up of these properties may mean that a Fund may not be able to realize a significant cash return for several years. If any of the above events occur, the development of properties may have an adverse effect on a Fund's results of operations and cash flows. In addition, new development activities, regardless of whether or not they are ultimately successful, typically require substantial time and attention from management.

Redevelopments, Renovations and Acquisitions. Some Funds' investment strategy includes the redevelopment and acquisition of shopping centers in densely-populated, supply-contained markets and others may include the renovation and redevelopment of vacant or to-be-vacant free-standing buildings acquired by the Fund in various U.S. markets. The redevelopment, renovation and/or acquisition of properties entails risks that include the following, any of which could adversely affect a Fund's results of operations and a Fund's ability to meet its obligations:

- The property may fail to achieve a Fund's projected returns, either temporarily or for extended periods;
- A Fund may not be able to identify suitable properties to acquire or may be unable to complete the acquisition of the properties it identifies;
- A Fund may not be able to integrate an acquisition into its existing operations successfully;
- Properties that a Fund redevelops, renovates or acquires may fail to achieve the occupancy or rental rates that the Fund projects, within the time frames that the Fund projects, at the time the Fund makes the decision to invest, which may result in failure of one or more properties to achieve the returns that a Fund projected;
- A Fund's pre-acquisition evaluation of the physical condition of each new investment may not detect certain defects or identify necessary repairs until after the property is acquired, which

could significantly increase a Fund's total redevelopment, renovation or acquisition costs or decrease cash flow from the property, as applicable;

- A Fund's investigation of a property or building prior to a Fund's acquisition, and any representations that the Fund may receive from the seller of such building or property, may fail to reveal various liabilities, which could reduce the cash flow from the property or increase a Fund's acquisition cost;
- A Fund may encounter construction delays that delay the completion of projects and increase overall costs;
- A Fund may encounter community opposition (particularly with respect to a Fund's endeavors to re-zone certain of its properties) that delays, restricts or prevents the completion of projects and/or increase overall costs;
- There may be significant time lag between commencement and stabilization that subjects a Fund to greater risks due to fluctuations in the general economy;
- A Fund may expend money and time on projects that are never completed;
- There is a risk that contractors or subcontractors may not deliver or may encounter delays in delivering space as planned;
- A Fund may have difficulty securing key anchor or other tenants which impacts occupancy rates and projected revenue;
- A Fund may be unable to achieve projected rental rates or anticipated pace of lease-up; and
- The costs of construction and operational costs, including labor and materials, may be higher-than-estimated.

REITs. The Funds may invest in equity securities issued by companies, such as REITs, that are primarily engaged in investing in and/or operating retail real estate assets, including common stocks, preferred stocks, convertible securities and warrants. These securities may be traded on major stock exchanges or regional stock exchanges, or may not be publicly traded. Although equity securities have a history of long-term growth in value, their prices fluctuate based on changes in the issuer's financial condition and prospects and on overall market and economic conditions. The Funds may invest not only in securities of issuers with large market capitalizations, but also in securities of medium-cap, small-cap and micro-cap companies. Smaller companies often have limited financial resources, and may depend on one or few key persons for management. The securities of such companies may be subject to more volatile market movements than securities of larger, more established companies, both because the securities typically are traded in lower volume and because the issuers typically are more subject to changes in earnings and prospects.

The market price of common shares of publicly traded REITs and other real estate companies may fluctuate significantly in response to many factors, including:

- Actual or anticipated variations in operating results, funds from operations, cash flows or liquidity;
- Changes in earnings estimates or those of analysts;
- Changes in dividend policy;
- Impairment charges affecting the carrying value of one or more of the company's properties or other assets;
- Publication of research reports about the company, the retail industry or the real estate industry generally;
- Increases in market interest rates that lead purchasers of a company's securities to seek higher dividend or interest rate yields;
- Changes in market valuations of similar companies;
- Adverse market reaction to the amount of a company's outstanding debt at any time, the amount of a company's maturing debt in the near and medium term and a company's ability to refinance such debt and the terms thereof or a company's plans to incur additional debt in the future;
- Additions or departures of key management personnel;
- Actions by institutional security holders;
- Proposed or adopted regulatory or legislative changes or developments;
- Speculation in the press or investment community; and
- General market and economic conditions.

Many of the factors listed above will be beyond a Fund's control. Those factors may cause the market price of the securities of a publicly traded real estate company to decline significantly, regardless of the company's financial performance and condition and prospects. It is not possible to provide any assurance that the market price of the publicly traded securities owned by the Funds will not fall in the future, and it may be difficult to sell such securities at attractive prices, or at all.

In addition, the Funds may not be able to exercise control of investments in equity securities issued by companies or receive sufficient information in order to monitor the performance of such investments.

Illiquid Interests. An investment in the Funds requires a long term commitment, with no certainty of return. The interests have not been and will not be registered under the Securities Act, or any other applicable securities laws. There is no public market for the interests and none is expected to develop. The interests are subject to certain transfer restrictions and investors will have no right to cancel their commitments or make a Fund redeem their interests, except in limited instances when necessary to

comply with applicable laws or regulations. Consequently, investors will not be able to liquidate their investment in a Fund prior to the end of the Fund's term. Therefore, interests should only be acquired by investors able to commit their funds for an extended period of time.

Limited Liability. The Funds' Governing Documents will limit the circumstances under which SIM, members of the Advisory Committee or any of their respective affiliates, shareholders, partners, officers, directors, managers, members, employees, agents, and representatives (each, an "Indemnatee"), can be held liable to the Funds and their investors. As a result, Fund investors may have a more limited right of action in certain cases than they would have in the absence of such a limitation.

Each Indemnatee will be indemnified by the relevant Fund, for acts or omissions performed in accordance with and pursuant to the Fund's Governing Documents, except to the extent that any losses, damages, costs, liabilities or expenses result from any action or inaction on the part of the Fund or the Indemnitees when acting on behalf of the Fund (or any of its investments), absent the judgment of a court of competent jurisdiction that such person has acted in bad faith, gross negligence, fraud (including, without limitation, any securities law violation that constitutes fraud), willful misconduct or a felonious act. Furthermore, the members of the relevant Advisory Committee will not be liable to the Funds or Fund Investors, and will be indemnified for all losses, damages, costs, liabilities or expenses for acts or omissions performed in accordance with and pursuant to the Funds' Governing Documents, absent a final non-appealable judgment of a court of competent jurisdiction that such person acted in bad faith.

Management of Costs and Expenses. Although SIM will endeavor to pay all costs and expenses attributable to the Funds out of sums otherwise distributable to investors, there can be no assurance that such sums will be sufficient to pay all such costs and expenses. Similarly, SIM may determine it is necessary to establish reserves for similar purposes, and such reserves may nevertheless be insufficient to pay such costs and expenses. To the extent that such sums or reserves are not sufficient to pay all costs and expenses, a Fund may need to call upon the unfunded capital commitments of investors and subscribers, and/or sell or increase the leverage upon all or some of the Fund's investments to pay such costs and expenses. Consequently, a Fund's costs and expenses can have a material impact on the returns achieved by the Fund.

Unspecified Investments. Fund investors will be relying on the ability of SIM to identify investments suitable for the Funds. Although the members of the investment team have been successful in identifying suitable investments in the past, no assurance can be made that a sufficient number of attractive opportunities to meet the investment objectives of a Fund will be identified. The Funds also face the risk of changes in long-term interest rates and adverse changes in the real estate markets. No assurance can be given that a Fund's investments will be profitable or achieve targeted returns or that capital losses will not occur.

Default in Capital Contributions. Investors should be aware that failure by a Fund investor to make a capital contribution in response to a capital call in the manner prescribed in the Governing Documents

will result in numerous adverse consequences to such Fund investor, including potentially a substantial reduction in that Fund investor's interest.

Force Majeure. A Fund's investments may be subject to catastrophic events and other force majeure events during their acquisition, development, redevelopment, construction, leasing and/or operational phases. These events could include fires, floods, earthquakes, pandemics (including, but not limited to, COVID-19) assertion of eminent domain, strikes, wars, riots, acts of God and similar risks. These events could result in the partial or total loss of an investment or significant downtime resulting in lost revenues, among other potentially detrimental effects.

Certain force majeure events (such as war (civil or otherwise) or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which a Fund may invest specifically. For example, a Fund's investments could be affected by pandemics, epidemics and outbreaks that may arise in the future. The severe spread and prolonged duration of an infectious disease outbreak may cause businesses to shut down and have damaging effects on economic activity, including but not limited to disruptions or restrictions in supply chains, closures of facilities or decreases in demand for products and services. Additionally, a major governmental intervention into the real estate industry, including the assertion of control over one or more of the Fund's investments or its assets, could result in a loss to the Funds. Any of the foregoing would therefore adversely affect the performance of the Funds and its investments.

In addition, some force majeure risks are generally uninsurable. While the Funds will seek to utilize insurance and other risk management products (to the extent available on commercially reasonable terms) to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, this may not always be practical or feasible. Moreover, it may not be possible to insure against all such risks, and insurance proceeds may be inadequate.

Natural Disasters. The Funds may acquire properties that are located in areas that are prone to, or otherwise encounter, severe weather-related natural disasters, such as floods, hurricanes, wildfires, mudslides and tornadoes. Any such events might impact a Fund's properties, tenants and overall operations and the Fund may be vulnerable to the following risks related thereto:

- Risks of property damage to the Fund's assets;
- Indirect financial and operational impacts from disruptions to the operations of the Fund's assets and tenants
- Increased insurance premiums and deductibles, or a decrease in the availability of coverage;
- Increased insurance claims and liabilities;
- Increase in energy cost impacting operational returns;
- Changes in the availability or quality of water, or other natural resources on which the Fund's assets or tenants' business depends;

- Decreased consumer demand for consumer products or services;
- Incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and
- Economic disruptions arising from the above.

Environmental Liability. Under various federal, state and local environmental laws, statutes, ordinances, rules and regulations, as an owner of real property, the Funds could be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, in or under a Fund's property, as well as certain other potential costs relating to hazardous or toxic substances (including government fines and penalties and damages for injuries to persons and adjacent property). These laws may impose liability without regard to whether that Fund knew of, or was responsible for, the presence or disposal of those substances. This liability may be imposed on a Fund in connection with the activities of an operator of, or tenant at, the property. The cost of any required remediation, removal, fines or personal or property damages and a Fund's liability therefore could exceed the value of the property and/or the Fund's aggregate assets. In addition, the presence of those substances, or the failure to properly dispose of or remove those substances, may adversely affect a Fund's ability to sell or rent that property or to borrow using that property as collateral, which, in turn, could reduce the Fund's revenues and affect the Fund's ability to make distributions.

A property can also be adversely affected either through physical contamination or by virtue of an adverse effect upon value attributable to the migration of hazardous or toxic substances, or other contaminants that have or may have emanated from other properties. Although a Fund's tenants are primarily responsible for any environmental damages and claims related to the leased premises, in the event of the bankruptcy or inability of any of the Fund's tenants to satisfy any obligations with respect to the property leased to that tenant, a Fund may be required to satisfy such obligations. In addition, a Fund may be held directly liable for any such damages or claims irrespective of the provisions of any lease.

From time to time, in connection with the conduct of a Fund's business, and prior to the acquisition of any property from a third party or as required by the Fund's financing sources, a Fund may authorize the preparation of Phase I environmental reports and, when necessary, Phase II environmental reports, with respect to the Fund's properties. There can be no assurance, however, that the environmental reports will reveal all environmental conditions at a Fund's properties or that the following will not expose the relevant Fund to material liability in the future:

- The discovery of previously unknown environmental conditions;
- Changes in law;
- Activities of tenants; and
- Activities relating to properties in the vicinity of the Fund's properties.

Changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated

expenditures or may otherwise adversely affect the operations of a Fund's tenants, which could adversely affect the Fund's financial condition or results of operations.

Uninsured Losses. The Funds expect to carry comprehensive general liability, fire, extended coverage, loss of rent insurance, and environmental liability on most of its properties, with policy specifications and insured limits customarily carried for similar properties. However, with respect to those properties where the leases do not provide for abatement of rent under any circumstances, a Fund generally does not expect to maintain loss of rent insurance. In addition, there are certain types of losses, such as losses resulting from wars, terrorism or acts of God that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, the Funds could lose capital invested in a property, as well as the anticipated future revenues from a property, while remaining obligated for any mortgage indebtedness or other financial obligations related to the property. Any loss of these types would adversely affect a Fund's financial condition.

Cyber Attacks. With the increased use of technologies such as the internet to conduct business, SIM, its affiliates, the Funds' service providers and the Funds' investments are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and may arise from external or internal sources. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems, corrupting data, equipment or systems, or causing network services to be unavailable to intended users (i.e., "denial of service") or other operational disruption. Cyber incidents affecting SIM, its affiliates, the Funds, Fund service providers and the Funds' investments have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the release of investor information or confidential business information, interference with the ability to calculate the value of the Funds' investments, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines or penalties, reputational damage, or additional compliance costs. SIM will seek to implement safeguards to protect the Funds against cyber attacks. However, there can be no assurance that SIM will be successful in preventing the occurrence of cyber attacks or mitigating the impact of cyber attacks.

Confidential Investor Information. The Fund investors may include entities that are subject to state public records or similar laws that may compel public disclosure of confidential information regarding a Fund, its investments and its investors. There can be no assurance that such information will not be disclosed either publicly or to regulators, or otherwise. To the extent that SIM determines in good faith that, as a result of such public records or similar laws, a Fund's investor or any of its affiliates or agents may be required to disclose information relating to a Fund (other than information SIM has previously consented in writing that the Fund investor may disclose), SIM may, to the extent permitted by applicable law, in order to prevent any such potential disclosure, withhold all or any part of the information otherwise to be provided to such Fund investor (other than certain basic Fund information). In addition, in order to comply with regulations and policies to which the Funds, SIM or service providers (including financial institutions) are or may become subject, or to satisfy regulatory

or other requirements in connection with transactions, the Funds or SIM may be required to disclose information about Fund investors, including their identities.

Concentration of Ownership. Subject to ownership limitations necessary to ensure a REIT sub's status and continued qualification as a REIT, there will be no limitation under a Fund's organizational documents as to the amount of capital that any single Fund investor may commit to the Fund. A significant concentration of ownership may allow a Fund investor or a group of Fund investors to exert a greater influence over a Fund's management and affairs.

Risks Factors Specific to Funds Invested in Retail Properties

Major Tenant Revenues. Revenue from the Funds' investments depends on the ability of tenants to pay the full amount of rent and other charges due under their leases on a timely basis. A Fund could derive significant revenues from a concentration of certain anchor tenants that will occupy space in more than one of its investments. A Fund could be adversely affected in the event of the bankruptcy or insolvency of, or a downturn in the business of, any of its major tenants, or in the event that any such tenant does not renew its leases as they expire or renews such leases at lower rental rates. Anchor tenants typically pay a significant portion of the total rent at a property and contribute to the success of other tenants by drawing large numbers of customers to a property. Vacated anchor space not only would reduce rental revenues if not re-tenanted at the same rental rates but also could adversely affect the entire shopping center because of the loss of the departed anchor tenant's customer drawing power. Loss of customer drawing power also can occur through the exercise of the right that most anchors have to vacate and prevent re-tenanting by paying rent for the balance of the lease term ("going dark") as would the departure of a "shadow" anchor tenant that owns its own property. In addition, in the event that certain major tenants cease to occupy a property, such an action may result in a significant number of other tenants having the right to terminate their leases, or pay a reduced rent based on a percentage of the tenant's sales, at the affected property ("co-tenancy"), which could adversely affect the future income from such property. In addition, unrelated vacant retail space adjacent to, or even on the same block as, street and urban properties may similarly affect shopper traffic, lease payments and re-tenanting activities related to a Fund's investments.

The bankruptcy of, or a downturn in the business of, any of the Fund's major tenants, or a significant number of its smaller tenants, causing them to reject some or all of their leases, or not renew their leases as they expire, or renew at lower rental rates would adversely affect a Fund's cash flows and property values. Furthermore, the impact of vacated anchor space and the potential reduction in customer traffic could adversely impact the balance of the tenants at a shopping center.

Pursuant to bankruptcy law, tenants have the right to reject their leases, which would cause a reduction in the cash flow available for distribution by a Fund. If a major tenant files for bankruptcy protection, such a reduction in the cash flow available for distribution will potentially be material. In the event that a tenant exercises this right, the landlord generally has the right to file a claim for lost rent equal to the greater of either one year's rent (including tenant expense reimbursements) for remaining terms greater than one year, or 15% of the rent remaining under the balance of the lease term, but not to

exceed three years' rent. Actual amounts to be received in satisfaction of those claims will be subject to the tenant's final plan of reorganization and the availability of funds to pay its creditors.

Retail Property Risks. Some of the Funds will focus on investments that have a significant retail component. The value and successful operation of these investments are sensitive to a number of risk factors, including, but not limited to: changes in consumer spending patterns, local competitive conditions (such as the supply of retail space or the existence or construction of new competitive shopping centers); the bankruptcy or distress of tenants; the availability of sublease space; alternative forms of retailing (such as direct mail, video shopping networks and internet web sites, which reduce the need for retail space by retail companies); the safety, convenience and attractiveness of the retail properties to tenants and their customers or clients; the public perception of the safety of customers at shopping centers; the need to make major repairs or improvements to satisfy the needs of major tenants; traffic patterns and access to major thoroughfares; and unemployment rates in the local economy.

The general strength of retail sales also directly affects the retail properties. If retail sales by tenants in the retail properties were to decline, the rents that are based on a percentage of revenues may also decline, and tenants may be unable to pay the fixed portion of their rents or other occupancy costs. The cessation of business by or bankruptcy of a significant tenant can have a material adverse effect on the retail properties, not only because of rent and other factors specific to such tenant, but also because significant tenants at the retail properties play an important part in generating customer traffic and making the retail properties a desirable location for other tenants at such properties.

Renewing Leases. Upon the expiration of current leases for space located in a Fund's properties, the Fund may not be able to re-let all or a portion of that space, or the terms of re-letting (including the cost of concessions to tenants) may be less favorable to the Fund than current lease terms. If a Fund is unable to re-let promptly all or a substantial portion of the space located in the Fund's properties or if the rental rates a Fund receives upon re-letting are significantly lower than current rates, the Fund's revenues are likely to be adversely affected. There is no assurance that a Fund will be able to retain tenants in any of its properties upon the expiration of their leases.

Competition. The business of investing in and operating retail properties is highly competitive. Competition can cause a Fund to accept economic or structural features in its investments that the Fund would not have otherwise accepted and it can cause a Fund to search for investments in markets outside of SIM's traditional expertise. There are numerous commercial developers, real estate companies, financial institutions and other investors with greater financial resources than the Funds have that will compete with the Funds in seeking properties for acquisition and tenants which will lease space in the Fund's properties. The Funds' competitors include other investment funds, REITs, financial institutions, insurance companies, pension funds, private companies and individuals. This competition can result in a higher cost for properties than a Fund wishes to pay.

In addition, retailers at a Fund's properties may face increasing competition from outlet malls, discount shopping clubs, internet commerce, direct mail and telemarketing, which could (i) reduce rents payable to a Fund; and (ii) reduce a Fund's ability to attract and retain tenants at its properties leading to increased vacancy rates at the Fund's properties.

E-commerce. The use of the internet by consumers continues to gain in popularity. The migration toward e-commerce is expected to continue. This increase in internet sales could result in a downturn in the business of a Fund's current tenants in their "brick and mortar" locations and could affect the way future tenants lease space. While the Funds will devote considerable effort and resources to analyzing and responding to consumer trends, preferences and spending patterns, the Funds cannot predict with certainty what future tenants will want, what future retail spaces will look like and how much revenue will be generated at traditional "bricks and mortar" locations. If a Fund is unable to anticipate and respond promptly to trends in the market because of the illiquid nature of real estate, a Fund's occupancy levels and financial results will potentially suffer.

Risk Factors Specific to the Fund Invested in Logistics, Fulfillment and Consumer-Focused Distribution Properties

Rezoning. Certain Funds may be required to pursue re-zoning for certain of its properties, which could subject the Fund to particular risks. A Fund's investment strategy involves re-purposing or developing vacant or to-be-vacant free-standing buildings into micro-fulfillment centers. In the execution of this investment strategy, some Funds will likely be required to pursue re-zoning for certain of its properties to allow for redevelopment or renovation. There is no guarantee that such properties will be re-zoned, or that a Fund will obtain other related regulatory approvals, in a timely manner, on the terms sought or expected by the Fund or at all. Failure to re-zone, or to re-zone in a timely manner or on favorable terms, may have an adverse effect on a Fund's portfolio, operations and cash flows.

Tenant Revenues. Revenue from the Funds' investments depends on the ability of tenants to pay the full amount of rent and other charges due under their leases on a timely basis. A Fund may derive significant revenues from a concentration of certain tenants that will occupy space in more than one of its investments. In addition and based on a Fund's focus on logistics, fulfillment and consumer-focused distribution investments, each property is likely to be dependent on a single or a small number of tenants. Thus, a single tenant's decision not to renew its lease as it expires, or to seek to renew at lower rent, or even to vacate the property, could disproportionately affect a Fund's cash flow and the value of its investment in the property.

Tenant Bankruptcies. The bankruptcy of a Fund tenant could result in a rejection of such tenant's lease or leases in Fund properties, which would cause a reduction in the cash flow available for distribution by the Fund. Pursuant to bankruptcy law, tenants have the right to reject their leases. If a tenant files for bankruptcy protection, such a reduction in the cash flow available for distribution may be material. In the event that a tenant exercises this right, the landlord generally has the right to file a claim for lost rent equal to the greater of either one year's rent (including tenant expense reimbursements) for remaining terms greater than one year, or 15% of the rent remaining under the balance of the lease

term, but not to exceed three years' rent. Actual amounts to be received in satisfaction of those claims will be subject to the tenant's final plan of reorganization and the availability of funds to pay its creditors.

Logistics, Fulfillment and Consumer-Focused Distribution Properties Risks. Certain Funds expect to invest in logistics, fulfillment and consumer-focused distribution properties (or assets to be converted for such purposes), which could subject such Funds to particular risks. Significant factors determining the value of such properties are: the location of the property (including proximity to supply sources and customers and accessibility to major roadways and other distribution channels and transportation routes); the quality of tenants; a reduced demand for retail distribution space because of a decline in a particular industry segment; a property becoming functionally obsolete; building design and adaptability; scarcity of labor sources; changes in access; energy prices; changes in proximity of supply sources; and the expenses of converting a space for logistics, fulfillment and/or consumer-focused distribution use.

Logistics, fulfillment and consumer-focused distribution properties are likely to be dependent on a single or a few tenants. A particular micro-fulfillment property which was customized to suit the needs of a particular tenant or type of tenant may be difficult to re-let to another tenant or to sell (or otherwise dispose) and/or may become functionally obsolete relative to newer properties. Because of potentially unique construction requirements of micro-fulfillment properties, not all properties will lend themselves for conversion to this use and thus the type of assets suitable for a Fund's investment strategy may be limited. In addition, given that micro-fulfillment properties are significantly smaller than "traditional" distribution facilities, a Fund may not be able to attract larger institutional tenants and the Fund's investments may generate less gross rental revenue than larger distribution properties. Further, if the operation of a Fund property becomes unprofitable due to competition, obsolescence or other factors, the liquidation value of the property may be substantially less than would be the case if the property were readily adaptable to other uses and the Fund's investment in such property may accordingly incur losses.

Micro-Fulfillment Center Risks. Certain Funds' investment strategy is focused on micro-fulfillment centers which is a novel asset class and is not yet generally recognized as an asset class among institutional buyers. Because this asset class is evolving with respect to a market-accepted definition and market-tested standards, it is uncertain whether there will be a ready market of institutional buyers interested in acquiring a Fund's properties when the Fund is interested in disposing of them. In addition, there is no assurance that a Fund property will be suitable to be operated as a micro-fulfillment center after acquisition or conversion by the Fund.

Securing Tenants. Certain Funds' investment strategy involves, in part, re-purposing properties as micro-fulfillment centers and leasing these properties to tenants. There can be no assurance that a Fund will be able to locate tenants for its properties on favorable terms or at all. If a Fund is unable to promptly lease its properties or if the rental rates the Fund receives are significantly lower than projected rates,

the Fund's revenues may be adversely affected. Further, there can be no assurance that a Fund will be able to retain tenants in any of its properties upon the expiration of their leases.

Competition. The Funds could encounter unexpected competition in seeking to acquire properties for its investment strategy. Competition may cause a Fund to accept economic or structural features in its investments that the Fund would not have otherwise accepted. There are numerous commercial developers, real estate companies, financial institutions and other investors with greater financial resources that may compete with a Fund for properties. This competition may result in a higher cost for properties than a Fund wishes to pay.

In addition, the third-party logistics providers, e-commerce retailers, traditional retailers, direct-to-consumer manufacturers and "last mile" distributors expected to lease certain Funds' properties may face stiff competition from "brick-and-mortar" retailers, outlet malls, discount shopping clubs, direct mail and telemarketing, which, in certain geographical areas, could discourage tenants and prospective tenants from leasing or retaining their leases in a Fund's properties.

Conflicts of Interest

Investment Opportunities. Certain inherent conflicts of interest arise from the fact that SIM and its affiliates will provide investment management services to multiple Funds, some of which may have overlapping investment strategies.

For example, the fee arrangements, investment strategies and other features of the investment vehicles that SIM and its affiliates sponsor and manage (or will sponsor and manage in the future) may vary, and it is possible that certain investment vehicles will compensate SIM and its affiliates in ways that are preferential to SIM and/or its team members (including, for example, with respect to Carried Interest distributions) or SIM and/or its team members may have proprietary capital interests in certain investment vehicles but not others, which would present conflicts of interest when determining the manner in which investment opportunities are allocated among investment vehicles. While SIM will seek to manage such potential conflicts of interest in good faith, there may be situations in which the interests of a particular client of SIM, with respect to a particular investment or other matter, conflict with the interests of a Fund.

As a general matter, SIM will determine the suitability of an investment opportunity for a Fund's investment strategy. In determining the suitability of an investment opportunity for the relevant Fund, SIM will be required to consider such factors, including: the investment objectives and strategies of the Fund, the Fund's available capital, the expected hold period for the investment, the Fund's target returns, the diversification of the Fund's existing real estate portfolio and regulatory and other legal considerations that are applicable to that Fund and its investments.

Relatedly, there may be investment opportunities in which a group of assets comprised of properties that are not all suitable for a single investment vehicle must be acquired as a portfolio. Under such circumstances, SIM may allocate such assets, as well as the aggregate purchase price for such assets,

among different investment vehicles, including the Funds (or determine that certain assets are not suitable for any investment vehicle sponsored and managed by SIM or and/or its affiliates), based on a variety of factors (including those listed in the foregoing paragraph). Such allocations involve a high degree of uncertainty (including, without limitation, with the respect to the methodology and assumptions used by SIM in making such allocations) and present a potential conflict of interest. As a result, a Fund's investment objectives may not be realized with respect to such investment opportunities, and assets allocated to a Fund may underperform assets allocated to other investment vehicles sponsored by SIM, including assets allocated to investment vehicles with a lower risk profile than that Fund.

SIM and its affiliates currently sponsor and manage multiple investment Funds, with investment objectives that are substantially similar. SIM and its affiliates are obligated to offer each Fund any investment opportunity that is suitable for the relevant Fund, taking into account the Fund's investment objectives and strategy and available capital, until the end of the Fund's investment period.

SIM or its respective affiliates may acquire an investment for another investment fund that they manage (or for their own account) without advisory committee approval if such investment is not suitable for a Fund based upon the Fund's investment objectives, restrictions and limitations.

Other Investments in Real Estate. SIM and its affiliates and the key principals of SIM currently manage or in the future may manage and/or have significant ownership interests or in the future may have an ownership interest in a number of properties. Any properties in which a Fund may have an ownership interest may be in direct competition with properties and entities in which SIM and its affiliates have or may in the future have an ownership or management interest, and SIM and its affiliates or the key principals of SIM may be subject to conflicts of interest with respect to the sale, management, or financing of properties owned by a Fund or owned by entities in which the Fund has or may in the future have an ownership interest. SIM and the management team of the Funds may devote significant time to the management of other client accounts or investment entities sponsored by SIM, and conflicts of interest may arise in the allocation of management time, services or functions among the Funds and such other client accounts or investment entities. In addition, the Funds will have no interest in such other client accounts or investment entities.

Diverse Membership. The Fund investors include taxable and tax-exempt persons and entities and include Fund investors organized in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by SIM that may be more beneficial for one type of Fund investor than for another type of Fund investor. In addition, SIM may make investments for a Fund that may have a negative impact on other investments made by Fund investors in separate transactions. In selecting investments appropriate for a Fund, SIM will consider the investment objectives of the Fund as a whole, not the investment objectives of any Fund investor individually.

Performance Allocations. SIM is entitled to receive Carried Interest from the Funds. The existence of this performance incentive may create an incentive for SIM to make more speculative investments on behalf of a Fund than the Fund would otherwise make in the absence of such performance incentive.

Although SIM together with its affiliates, officers, partners, directors, employees and their immediate family members are investing their own capital in the Funds, the interests of the SIM may under some circumstances differ from those of the Funds and/or Fund investors. Such conflicting interests could potentially affect the decisions of SIM in purchasing, holding and disposing of a Fund's investments.

Furthermore, tax reform legislation relating to the taxation of carried interest provides for a lower capital gains tax rate in respect of investments held for at least three years. SIM may be incentivized to operate a Fund, including holding and/or selling investments, in a manner that takes into account the tax treatment of the SIM's Carried Interest distributions. Nevertheless, SIM intends to seek to maximize pre-tax returns for the Funds as a whole without regard to the effective income tax rate on the Carried Interest distributions.

In addition, SIM or any of its affiliates may charge Carried Interest, Asset Management Fees and other fees to co-investors, including without limitation Fund investors and third parties, with respect to any co-investment, and may make an investment, or otherwise participate, in any vehicle formed to structure a co-investment in connection therewith.

Transactions with Affiliates. SIM and its affiliates provide property-level services with respect to Fund investments as described herein and in the Governing Documents for additional compensation and accordingly potential conflicts may develop that are associated with the provision of such services. Such compensation will not be offset against the Asset Management Fee paid by the Funds to SIM.

Additionally, SIM may sell one or more Fund investments to a single purpose entity controlled by SIM or its affiliates. Although an investment may not be sold to a single purpose entity at a price less than the maximum price offered by an unrelated third party during a marketing process conducted by a nationally recognized real estate broker, the ultimate sale price might not be the highest sale price available on the market.

The Funds may also, from time to time, enter into other transactions not specifically described herein or in the Governing Documents with SIM or its affiliates, shareholders, partners, officers, managers, members, employees, agents and representatives. However, the procedural protection of the advisory committee approval is designed to assure that the terms of such transactions will be no less favorable to a Fund than would be received in independent, arm's-length transactions and will be subject to the approval of the advisory committee.

Co-Investment Opportunities. From time to time, SIM may present opportunities to co-invest in investments alongside the Funds to certain Fund investors, partners, members, officers or employees of SIM or its affiliates or other persons. SIM and its affiliates may earn Asset Management Fees, other fees and Carried Interest with respect to co-investment capital raised to invest alongside the Funds, and such fees and Carried Interest may differ from those payable by the Funds. Although such co-investments would generally provide for co-investors to make investments in underlying assets on substantially similar terms as are available to the Funds, potential conflicts may be inherent in, or arise from, SIM's discretion in determining when to make such opportunities available, which potential co-

investors are offered such opportunities and the economic and other terms of such co-investments. In addition, once such co-investments are made, the interests of the Funds and the interests of co-investors may subsequently diverge, and the economic terms (including Carried Interest terms) associated with the Funds and/or the co-investors may create conflicts in ongoing management and operation of certain investments.

Subscription Line Credit Facilities. The Funds enter into a subscription line credit facility in order to enable the Funds to make investments or pay expenses through borrowings in lieu of or in advance of capital contributions. The presence of a subscription line credit facility secured by a pledge of the right to call capital from investors can present conflicts of interest for SIM to the extent that the interest rates and other expenses associated with borrowing under such a credit facility are in the aggregate lower than the preferred return that would be calculated in the event that capital was called from investors in lieu of subscription line borrowing. Accordingly, SIM may be incentivized to use subscription line borrowing in certain circumstances rather than calling for capital from investors.

Allocation of Expenses. A conflict of interest could arise in SIM's determination of whether certain costs or expenses that are incurred in connection with the operation of the Funds meet the definition of operating expenses to be borne by the Funds or whether such expenses should be borne by SIM.

The Funds will be reliant on the determinations of SIM in this regard and with respect to (a) the allocation of investment expenses and any common operating expenses as among the Funds and parallel or feeder funds, including other clients participating in potential transactions, whether or not consummated, and (b) the allocation of costs or expenses among the Funds and other investment vehicles managed by SIM or its respective affiliates.

Each Fund will generally bear all fees, costs and expenses relating to unconsummated transactions, including amounts that would otherwise have been borne directly or indirectly by potential co-investors, and the Funds will be reliant on the determinations of SIM with respect to the determination of whether proposed and unconsummated investments would have been allocated to the relevant Fund and therefore are properly allocable in whole or in part to that Fund.

Conflicts Related to the Interpretation of Governing Documents and Other Legal Requirements. The Governing Documents of each Fund and related documents are detailed agreements that establish complex arrangements among SIM, the investors, the Fund, the General Partner and other entities and individuals. Questions can arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While SIM will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations SIM adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Funds or their investors.

Item 9 – Disciplinary Information

SIM does not have any legal or other disciplinary events to report that are material to a current or prospective investor's evaluation of SIM's advisory business or the integrity of its management.

Item 10 – Other Financial Industry Activities and Affiliations

As described above in Item 4, SIM is affiliated with the Funds' General Partners which are deemed registered with the SEC under the Advisers Act pursuant to SIM's registration. These General Partners together with SIM operate as a single advisory business and serve as the General Partner, affiliate or managing members of private investment funds and other pooled vehicles and share common owners, officers, partners, employees, consultants, or persons occupying similar positions. These General Partners do not have employees of their own.

SIM does not recommend or select other investment advisers for the Funds.

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

Code of Ethics and Personal Trading

Pursuant to Rule 204A-1 of the Advisers Act, SIM has adopted a written code of ethics ("Code of Ethics") that sets forth standards of conduct expected of supervised persons and addresses personal trading and reporting of personal securities transactions, gifts and entertainment and outside business activities, among other topics. The Code of Ethics requires all supervised persons to place Fund interests ahead SIM's interests and to maintain full compliance with the federal securities laws.

The personal trading policy for SIM supervised persons is set forth in SIM's Code of Ethics and is acknowledged as received and understood by each supervised person. SIM's personal trading policies are designed to ensure that no Fund is disadvantaged by the transactions executed by a supervised person and that supervised persons do not misappropriate any benefit properly belonging to a Fund.

Supervised persons are permitted to make securities transactions in their personal accounts, subject to certain limitations. SIM's supervised persons and their covered family members are prohibited from trading, either personally or on behalf of others, in securities while in possession of material nonpublic information regarding publicly traded securities or communicating material nonpublic information about such securities to others. SIM maintains a restricted list of issuers about which it has or may have material nonpublic information. Pre-clearance is required by supervised persons and their covered family members for certain personal securities transactions, including trading in restricted list securities, initial public offerings and limited offerings. In addition, supervised persons are required to file certain reports and link certain brokerage accounts to SIM's compliance software to enable monitoring of personal trading by the Chief Compliance Officer or his designee. Because SIM's business focuses primarily on private market investments, SIM expects that instances of

supervised persons having access to material nonpublic information regarding publicly traded securities will be relatively infrequent.

Supervised persons are required to certify their compliance with the Code of Ethics upon hire and on an annual basis. Supervised persons who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, censure, fines, suspension or dismissal. Supervised persons are also required to promptly report any violations of the Code of Ethics of which they become aware.

The principals and employees of SIM will occasionally carry on investment activities for their own account and for family members, and in connection therewith, can potentially give advice and recommend securities which differs from advice given to, or securities recommended or bought for, the Funds, even if their investment objectives are the same or similar. In addition, principals and employees are permitted to buy securities in transactions offered to, but rejected by, the Funds or that are outside the investment mandate of the Funds.

SIM will provide a copy of its Code of Ethics to any existing or prospective investor upon request to SIM's Chief Compliance Officer at info@sterlingorganization.com or (561) 835-1810.

Participation or Interest in Client Transactions

Certain SIM employees and their family members have invested in the Funds either through the General Partner and/or as Fund investors. As mentioned in Item 5 and Item 6 above, SIM generally reduces all or a portion of the Asset Management Fee and Carried Interest related to investments held by such persons. SIM does not believe this arrangement presents any material conflict of interest since the General Partners' interests are aligned with the interests of limited partners in such Funds.

Section 206(3) of the Advisers Act generally prohibits investment advisers from engaging in principal, cross and agency cross transactions without the appropriate disclosure and consent. SIM will only enter into a principal, cross or agency cross transaction with the appropriate disclosure and consent.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account, knowingly buys from or sells a security to an advisory client. This applies to any affiliates or controlling persons of the adviser (*i.e.*, an owner, employee or affiliate of the adviser, such as a Fund General Partner). Cross trades between funds can also be deemed to be principal transactions if the adviser (and/or its affiliates, owners, or controlling persons) own, in the aggregate, 25% or more of either fund. In the context of SIM's business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future fund or SIM or a Fund General Partner purchasing the interest of an existing investor. Cross transactions occur when an adviser or an affiliate arranges a transaction (*i.e.*, acts as broker) between two or more funds or accounts that are managed by that same adviser or an affiliate. An adviser is not "acting as a broker" if the adviser receives no compensation (other than the advisory fee earned in the ordinary course of managing the assets) for effecting the transaction and therefore is not considered to be conducting a cross transaction under Section 206(3) of the Advisers Act. In the context of SIM's business, a cross

transaction would occur when selling a portfolio investment, investment or other asset from one Fund to another. Agency cross transactions occur when an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer, which is not applicable to SIM.

In the event SIM were to recommend a principal transaction or cross transaction, it would only be after: (i) SIM has determined the transaction to be in the best interest of participating clients; (ii) the transaction is permitted by the relevant Governing Documents; (iii) proper disclosure is given to the relevant General Partner, advisory committee or investors, as appropriate; (iv) consent is obtained from the appropriate parties; and (v) SIM ensures that best execution is achieved for the transaction.

Conflicts of Interest

If any matter arises that SIM determines in its good faith constitutes an actual conflict of interest, SIM will take such actions as are necessary or appropriate, and as permitted by any applicable Fund's Governing Documents, to address the conflict. The Governing Documents of each Fund include a description of what SIM believes to be the most significant conflicts of interest associated with an investment in that Fund. Some of these conflicts are summarized in Item 8 above.

Item 12 – Brokerage Practices

Typically, the Funds' investments are private transactions directly negotiated between prospective portfolio investments (or their representative) and SIM and are not facilitated by broker-dealers engaged by SIM or the Funds. SIM has sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker-dealer or investment banker, if any, to be used to effect transactions for the Funds. In executing transactions, SIM will seek best execution of the transaction. Best execution is a qualitative assessment that takes into account the full range and quality of a broker-dealer or investment banker's services and is satisfied by obtaining the most advantageous overall terms for the Fund(s) when weighing all factors relevant to the transaction. Best execution is therefore not necessarily determined by lowest possible commission rates.

Whether for private or public securities transactions, SIM selects a broker-dealer or investment banker based on SIM's judgment regarding a variety of factors, including but not limited to: SIM's prior experience in working with the broker-dealer or investment banker; the broker-dealer or investment banker's execution capability, financial responsibility, reputation and expertise within the industry; the broker-dealer or investment banker's responsiveness to SIM; the broker-dealer or investment banker's expertise in dealing with investments that are restrictive or illiquid in nature; the type and size of the transaction involved; the value of any research services providers; and the commission rates, among other factors.

Although SIM generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent, especially in private securities transactions that rely heavily on the specialty services or experience of a broker-dealer or investment banker that operate outside of a competitive bidding environment. Transactions that involve such specialized services on the part

of the broker-dealer or investment banker can thereby entail higher commissions, or their equivalents, than would be the case with other transactions requiring more routine services.

In addition, SIM retains the services of real estate or mortgage brokers for the purchase, sale or financing of portfolio investments. Typically, such brokers are licensed under various state laws applicable to real estate and/or mortgage brokers.

SIM does not receive research or other soft dollar benefits in connection with securities transactions for the Funds, does not receive investor referrals in connection with selecting or recommending broker-dealers for the Funds and does not engage in directed brokerage. In the event SIM were to aggregate the purchase or sale of securities for client accounts, it would do so on a pro rata basis.

Item 13 – Review of Accounts

Review of Accounts

SIM investment professionals closely monitor the portfolio investments of the Funds and maintain an ongoing oversight position in such portfolio investments. The investment models and capital markets are monitored on a continuous basis. Decisions as to when to purchase or sell a portfolio investment are made by the investment committee. Moreover, a team of investment professionals monitor investment performance through regular management meetings, as well as detailed reviews of specific portfolio investments that occur as needed. The team includes principals and other investment professionals of SIM at differing levels of seniority.

Investor Reporting

SIM provides to investors on behalf of its Funds the following written reports: (i) annual audited financial statements prepared in accordance with United States generally accepted accounting principles (“GAAP”) as promulgated by the Financial Accounting Standards Board (“FASB”), accompanied by the report of the independent certified public accountant within 120 days of fiscal year end (or earlier as agreed to in the relevant Governing Documents); (ii) unaudited financial statements for the first three quarters of each fiscal year; (iii) annual tax information necessary for the completion of tax returns (K-1); and (iv) annually a statement of the determination of the value of each investment as of the end of the preceding calendar year. SIM also has contact with investors (*e.g.*, personal visits, video conference, telephone and email) throughout the year as requested and/or as conditions warrant.

In the course of conducting due diligence, investors periodically request information pertaining to SIM’s investments and track record. SIM responds to these requests, and in answering such requests, provides information that is not always made available to other investors who have not requested such information. Additionally, as it pertains to existing investors, upon request or pursuant to contractual obligations, certain investors receive additional information and reporting that other investors do not

receive. As a result, certain investors will have more information about a Fund than other investors. SIM will ensure that the disclosure of preferential information rights complies with the Private Fund Rule commencing with its effective date in September 2024.

Item 14 – Client Referrals and Other Compensation

SIM does not receive any monetary compensation or any other economic benefit from a non-client for SIM's provision of investment advisory services to a client.

For certain Funds, SIM has engaged the services of a placement agent for the sale of Fund units. Fees payable to such placement agents generally will be borne by SIM directly or indirectly through an offset against the Asset Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s) as part of the organizational expenses of such Fund.

Item 15 – Custody

SIM is deemed to have custody of the Funds' assets because the General Partners are not operationally independent from SIM: each Fund's General Partner generally has full discretion and control over Fund investments and cash, including the ability to deduct fees from Fund accounts. To comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), SIM has elected to undergo an annual GAAP financial statement audit by an independent public accountant registered with and subject to examination by the Public Company Accounting Oversight Board for each of the Funds over which it is deemed to have custody, copies of which are (or will be, for newly closed Funds) delivered to the Funds and their respective investors within 120 days of fiscal year end (or earlier as agreed to in the relevant Governing Documents). In addition, upon the final liquidation of a Fund, SIM will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all underlying investors promptly upon completion of the audit. Investors are encouraged to carefully review such financial statements.

SIM does not accept physical custody of Fund assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Called capital is directly deposited or wired into the relevant Fund's bank account maintained with a qualified custodian. SIM receives monthly statements from each of its qualified custodians on behalf of the Funds. For more information about the Funds' qualified custodians, please see Form ADV Part 1, Schedule D, Section 7.B.(1).

Item 16 – Investment Discretion

SIM is retained on a fully discretionary basis and is authorized to determine and direct execution of portfolio transactions pursuant to the terms of each Fund's Governing Fund Documents. To become an investor in a Fund, an investor must execute, among other documents, a subscription agreement and a limited partnership agreement (or similar agreement) with a Fund. Such documents generally

contain a power of attorney that grants SIM or the applicable Fund's General Partner certain powers related to the orderly administration of the affairs of the Fund. Once an investor executes these documents, with limited exceptions discussed elsewhere in this Brochure, SIM is not required to contact such investor prior to transacting business in a Fund.

Generally, SIM's only restrictions with respect to managing a Fund, such as, but not limited to, the type of securities in which a Fund invests, will be contained in the relevant Fund's Governing Documents. However, an investor can seek to impose limitations on SIM's authority through a side letter agreement, and SIM and/or the relevant General Partner can choose to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed upon SIM's investment authority with respect to an investor's investment must be presented to SIM and the relevant Fund's General Partner in writing and agreed to by all applicable parties.

Item 17 – Voting Client Securities

By virtue of the applicable Governing Documents, SIM has the authority to vote proxy statements on behalf of the Funds. However, given the nature of SIM's advisory business, the Funds seldom hold public securities; the majority of "proxies" received by SIM, are written shareholder consents or similar instruments for private companies owned by the Funds. Specifically, from time to time, portfolio investments request SIM (usually through the General Partner of the applicable Fund) to consent to certain issues pertaining to the portfolio investment's business and requiring equity owner approval. In these cases, SIM considers factors that could affect the value of the investment and will act in the manner that it believes maximizes the value of its long-term investment in portfolio investments.

SIM has adopted proxy voting policies and procedures pursuant to Advisers Act Rule 206(4)-6. SIM's proxy voting policy seeks to ensure that it votes proxies in the best interest of the Funds with a goal towards maximizing overall value. Pursuant to its policy, SIM will generally vote in accordance with management's recommendations unless SIM determines that voting in such a manner is in conflict with the best interests of the Fund's investors. SIM generally believe its interests are aligned with those of the Funds' investors through the principals' beneficial ownership interests in the Funds. However, in the event that there is a conflict of interest in voting proxies, SIM's proxy voting policy provides that SIM can address the conflict using several alternatives, including by seeking the approval or concurrence of an advisory committee on the proposed proxy vote, or through other alternatives as set forth in SIM's proxy voting policy. Investors in the Funds cannot direct how SIM votes proxies or shareholder consents, nor is SIM required to seek investor approval or direction when voting proxies or when giving consent on any matter requiring the consent of shareholders.

SIM will provide a copy of its proxy voting policy to investors upon request to Chief Compliance Officer at info@sterlingorganization.com or (561) 835-1810. Investors can also obtain information, free of charge, about how SIM voted any previous proxies, if any.

Item 18 – Financial Information

SIM does not require or solicit prepayment of more than \$1,200 in fees per Fund, six months or more in advance; has no financial condition reasonably likely to impair its ability to meet contractual commitments to Funds or investors; and has not been the subject of a bankruptcy proceeding.