

Sterling Investors, LP

Form ADV Part 2A

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This Brochure provides information about the qualifications and business practices of Sterling Investors, LP (“**Sterling**,” the “**Firm**,” “**we**,” “**us**,” “**our**” or the “**Adviser**”), If you have any questions about the contents of this Brochure, please contact us at (917) 226-4716. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Sterling is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Sterling also is available on the SEC’s website at <https://adviserinfo.sec.gov>. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Sterling is 311318.

Item 2 – Material Changes

This brochure is dated March 27, 2024 and will be amended annually or as necessary to reflect material changes. This brochure is being filed in association with an annual amendment update. The initial registration filing occurred on December 21, 2020. There have been no material changes to this Brochure since Sterling Investors, LP's annual amendment to the Brochure, filed March 30, 2023.

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Item 4 – Advisory Business

Sterling Investors, LP is a Delaware limited partnership formed in September 2019 with its principal office in New York, NY. Sterling Investors GP, LLC is the general partner of Sterling and Khaled Kudsi is the managing member and principal owner (the “**Principal**”) of Sterling Investors GP, LLC.

Sterling provides investment advisory services to a private fund, Sterling Investors Fund I, LP (the “**Fund**”), a Delaware limited partnership. The Fund will exclusively invest in real estate opportunities in North America and Western Europe.

Sterling intends to manage the Fund pursuant to investment guidelines set forth in the relevant governing and offering documents of the Fund, including any limited partnership agreement, term sheet, private placement memorandum and/or subscription agreement (each an “**Offering Document**”, and collectively, the “**Offering Documents**”). The Offering Documents contain more detailed information about the Fund, including a description of the investment objective and strategy or strategies employed by the Fund and related restrictions that serve as a limitation on Sterling’s advice or management.

Sterling will not tailor its advisory services to the individual investors in the Fund (each an “**Investor**” and collectively the “**Investors**”), or provide Investors with the right to specify, or restrict the Fund’s investment objectives or any investment or trading decisions. Accordingly, an investment in the Fund does not create a client-adviser relationship between such Investors and Sterling. The Fund is expected to rely on the exception from the definition of an “investment company” provided by Section 3(c)(7) of the U.S. Investment Company Act of 1940, as amended (the “**1940 Act**”). Each Investor is strongly encouraged to undertake appropriate due diligence, including but not limited to a review of relevant Offering Documents and the additional details about Sterling’s investment strategies, methods of analysis and related risks (as discussed in Item 8 of this Brochure and the Fund’s Offering Documents) in considering whether Sterling’s advisory services, or an investment in the Fund are appropriate to its own circumstances, based on all relevant factors including, but not limited to, the Investor’s own investment objectives, liquidity requirements, tax situation and risk tolerance before making an investment decision.

The general partner of the Fund is Sterling Investors Associates I, LP (the “**General Partner**”), a Delaware limited partnership. The General Partner will have ultimate responsibility for decisions relating to management and operations made on behalf of the Fund and will have ultimate responsibility for the investment decisions made on behalf of the Fund but has delegated certain responsibilities to Sterling.

Additional detailed information about Sterling is provided below, including information about Sterling’s advisory services, investment approach, personnel and affiliations.

Sterling does not participate in wrap fee programs.

As of December 31, 2023, Sterling managed \$410,750,000 in regulatory assets under management ("RAUM), all on a discretionary basis.

Item 5 – Fees and Compensation

The specific terms for the compensation of Sterling by the Fund are dictated by the Fund's Offering Documents. Sterling's fees and compensation is deducted from the assets or distributions of the Fund and the Investors are not separately billed for services. The various fees which Sterling receives may include the following:

Management Fee

The Fund will pay an annual management fee (the "**Management Fee**") of 1.25% per annum of each Investor's capital commitment during the Fund's commitment period and of 1.25% of each Investor's invested capital after the Fund's commitment period. Management fees will be paid quarterly in advance as described in the Fund's Offering Documents.

Carried Interest

The Fund will also allocate 20% of its investment profits to the General Partner as set forth in the Fund's Offering Documents (such profit allocation is commonly referred to as "**Carried Interest**"). Carried Interest is generally subject to the achievement of a 6% compound annual rate of return ("**Preferred Return**") on each Investor's realized capital and costs ("Investment Capital"). Carried interest, where applicable, is paid upon the distribution of proceeds generated by the sale of the Fund's portfolio investments and pursuant to a distribution waterfall after the return of Investment Capital and Preferred Return. Sterling's Carried Interest is charged in compliance with Rule 205-3 under the Advisers Act. Carried Interest is considered a performance-based fee and described in greater detail below in Item 6.

The General Partner of the Fund may not be subject to the Management Fee and Carried Interest in connection with its investment in the Fund.

Other Fees

In connection with actual or potential portfolio investments, 100% of the Investors' (other than affiliates of the General Partner) share of the Fund's share of all net transaction, directors, consulting, management, property management, investment banking, monitoring, closing, topping, break-up and other similar fees, in each case, net of withholding taxes or similar taxes and costs related to currency conversion, if any ("**Other Fees**") paid to or received by Sterling or its affiliates (which shall not, for the avoidance of doubt, include any operating specialists of Sterling) in connection with portfolio investments or its unconsummated transactions will be applied to reduce the Management Fee. Other

Fees subject to offset shall be net of unreimbursed out-of-pocket expenses incurred by Sterling or its affiliates in connection with the transaction out of which such Other Fees arose but gross of taxes paid by Sterling or its affiliates with respect to such Other Fees, if any. Such reduction amount will be net of any unrecouped broken deal expenses that Sterling has elected to pay on behalf of the Fund. To the extent such offsets would reduce the Management Fee for a given quarterly period below zero, such offsets will be carried forward and reduce future installments of the Management Fee.

Other Fund Expenses

The Fund will generally pay all expenses related to its own operations, including, but not limited to investment-related expenses, whether relating to investments that are consummated or identified but unconsummated (e.g., brokerage commissions, due diligence costs, investment banking fees, sourcing or finder's fees (which may include a Management Fee component and/or a performance-based component)), interest and fees on margin accounts, credit facilities and other indebtedness, borrowing charges on securities sold short, custodial fees, clearing and settlement charges, hedging costs, underwriting commissions, interest expenses and other investment-related expenses (e.g., meetings, entertainment, food, travel (including commercial and, in certain limited instances, privately arranged air travel) and lodging expenses); fees, costs and expenses relating to sales, leasing, brokerage, construction, construction management, loan servicing, improvements (including tenant and capital improvements), renovation, repair, capital expenditures, environmental, property management, and engineering and study services (including any such services provided by an affiliate of Sterling), and other fees, costs and expenses incurred in connection with portfolio Investments; out-of-pocket research-related expenses, including, without limitation, news and quotation equipment and services and corporate access charges (i.e., for research) that may be applied by third parties (e.g., in response to new regulations); legal fees and expenses (including expenses associated with the preparation of amendments to the Offering Documents and the solicitation of consent to such amendments) and other professional fees (including, without limitation, fees, costs and expenses of third-party consultants (including, but not limited to, consulting fees for, and other amounts payable to advisors and other similar professionals), brokers, agents, valuation firms and other experts (including networks thereof)); 50% of the costs of any compensation and other benefits paid by Sterling to any operating specialists of the Firm with respect to services relating to the Fund; the costs of organizing and maintaining any intermediate or feeder vehicles, alternative investment vehicles, subsidiaries or any other entities used in connection with the acquisition, financing, holding, operation or disposition of any portfolio investment or otherwise facilitate the Fund's investment activities, including administrative, accounting and operating expenses, such as rent, allocable personnel costs and the costs, fees and expenses for developing, structuring, operating and winding up, of entities formed for investment-related purposes (including, without limitation, in non-U.S. jurisdictions), whether at cost or cost-plus rates; the costs and expenses incurred in connection with borrowing arrangements and any other indebtedness of the Partnership and its subsidiaries, including, without limitation, the costs of establishing the borrowing arrangements and such other indebtedness; costs relating to swaps (and similar arrangements); any costs and expenses arising from any foreign exchange or other currency transactions; auditing and

tax compliance expenses; costs and expenses in connection with monitoring, complying with and performing any provisions in agreements with any side letter with any Investor, including, without limitation, any most favored nation provisions; market data costs; costs of any third-party administrators; fees and expenses of the LP Advisory Committee or other governing body (including any legal or advisory expenses incurred therewith, the costs of LP Advisory Committee meetings and travel, entertainment and other fees, costs and expenses related thereto); expenses relating to the organization and conduct of meetings with Investors (including travel, lodging and meal expenses), whether individually or as a group; fees, costs and expenses of representatives of the Fund in local jurisdictions necessary or advisable for regulatory, tax or other purposes; out-of-pocket expenses incurred in connection with the Fund's legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other law and regulation (e.g., filings with the SEC or similar regulatory agencies pertaining to the Fund, the Fund's holdings and/or trading and investment activities) and the Alternative Investment Fund Managers Directive, including, without limitation, reports to be filed in connection with the requirements of the U.S. Commodity Futures Trading Commission ("CFTC") and other applicable U.S. and non-U.S. registrations, applications, filings, reports, disclosures and notices (and ongoing reporting relating thereto); anti-money laundering and sanctions monitoring expenses; any fees and expenses relating to the development, licensing, implementation, installation, servicing and maintenance of, and consulting with respect to, computer software, technology and information technology systems that serve Sterling's investment and accounting professionals in connection with the management of the Fund's investments, including, without limitation, costs and expenses of technology service providers and related software, hardware and subscription-based services utilized in connection with the Fund's investment and operational activities, including but not limited to, the origination and monitoring of investments; costs relating to communications with investors (including, without limitation, technology licensing and maintenance of the website for the benefit of investors and any investor portal (including any database or other forum hosted on a website designated by the General Partner) or due diligence platform), including for meetings with Investors, whether individually or as a group; expenses related to the maintenance of the Fund's registered offices and corporate licensing; reporting, printing, publishing and mailing costs; accounting, audit and tax advice and preparation expenses (including preparation costs of financial statements, tax returns and reports to the Investors (including any reports prepared upon the request of an Investor)); any expenses incurred in connection with any transfer of interests (but only to the extent not paid or otherwise borne by the relevant transferring Investor and/or the assignee, as applicable), whether or not such transfer is consummated; all fees, costs and expenses in connection with the formation, operation and negotiation of joint ventures and platform investments; all fees, costs and expenses incurred in connection with transactions not consummated (to the extent not reimbursed by a prospective or actual portfolio company or other third parties), including any breakup, reverse-break-up or similar fees and broken deal expenses (including, if applicable, the portions allocable to the share of capital intended to be provided by a prospective co-investor); insurance expenses, including premiums for liability, title, casualty and other forms of insurance covering the General Partner, Sterling and its members, partners, directors, officers, affiliates, stockholders, employees and agents and the representatives of any of them; Management Fees; board of directors' fees; indemnification and/or litigation (whether actual, pending or threatened) expenses, or any claims,

damages, liabilities, costs and expenses arising therefrom, and any judgments, fines, remediations or settlements paid in connection therewith, including indemnification obligations to any placement agents and finders in connection with the offer and sale of interests; corporate licensing fees and other professional fees; bank service fees; withholding and transfer fees; costs incurred in connection with trademarks or other intellectual property; subject to limitations described in the Offering Documents, all entity-level taxes and governmental fees and/or other charges payable by or with respect to or levied against the Fund, its investments or to U.S. federal, state or other governmental agencies, domestic or foreign, including real estate, stamp or other transfer taxes and expenses related to complying with the Foreign Account Tax Compliance Act (“**FATCA**”); windup and liquidation expenses; costs and expenses related to the preparation of Schedules K-1; any and all costs and expenses relating to the representation by the “partnership representative” and the “designated individual” of the Fund and the Investors; fees, costs and expenses related to any governmental inquiry, examination, investigation or proceeding involving or otherwise applicable to the Fund, the General Partner, Sterling or any of their respective affiliates in connection with the activities of the Fund or any portfolio investment; filing and registration fees (e.g., corporate filing fees and expenses); other expenses related to the purchase, monitoring, syndication of co-investments, sale, settlement, custody or transmittal of the Fund’s assets (directly or through financing alternative investment subsidiaries and/or trading subsidiaries); loan administration costs and extraordinary expenses and other similar expenses related to the Fund or any portfolio investment.

Any expenses common to the Fund and to any other investment partnerships or funds sponsored by Sterling or its affiliates (collectively, including any such accounts, partnerships or funds that may be formed in the future generally) will be allocated pro rata using a reasonable methodology as selected by the General Partner or its affiliates.

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

As described above, Sterling may be paid Carried Interest. Certain Sterling employees and affiliated persons receive Carried Interest, which is tied explicably to the performance of the Fund, and such compensation will continue to be earned based upon the performance of the Fund’s portfolio, rather than that of individual investments. The existence of the Carried Interest may create an incentive for Sterling to cause the Fund to make riskier or more speculative investments than would be the case in the absence of the Carried Interest. Furthermore, the manner in which the General Partners’ entitlement to Carried Interest is determined could result in a conflict between the General Partners’ interests and the interests of the limited partners with respect to the sequence and timing of disposals of investments. The Adviser has adopted policies and procedures designed to mitigate this potential conflict of interest so that, over time, its clients are treated in a fair and equitable manner with respect to the allocation of investment opportunities.

As a fiduciary to its Fund, Sterling’s compliance policies and procedures, which prohibit the favoring of one account over another or considering Sterling’s financial interest when providing investment

advice to Fund. In addition, part of Sterling's employees' compensation may include Carried Interest, which is paid based on the Fund's overall performance and not the outcome of any single transaction or investment.

Item 7 – Types of Clients

Sterling intends to provide investment advice to the Fund. The Fund is privately offered to institutional investors and high net worth individuals. Interests in the Fund may be purchased only by certain eligible investors who are “qualified purchasers” for purposes of Section 3(c)(7) of the Investment Company Act of 1940, as amended, and “accredited investors” as defined in Regulation D under the Securities Act of 1933, as amended (the “**Securities Act**”).

In general, the current minimum investment commitment required of an Investor to participate in the Fund is \$10,000,000; however, the General Partner of the Fund has discretion to increase or reduce the minimum investment commitment. Investors should refer to the Offering Documents of each of the Fund for complete information on minimum investment requirements for participation in the Fund.

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

Methods of Analysis and Investment Strategies

Sterling's goal is to create exceptional long-term value for Investors by sourcing high-quality and strategically located assets that we believe exhibit excellent growth opportunities that others may not yet see. The Fund's overall investment strategy is to seek to generate attractive risk-adjusted returns through real estate and real estate-related investments in North America and Western Europe that Sterling believes have significant upside potential through capital appreciation or repositioning while limiting downside risk.

Sterling employs a fundamental, disciplined, value-driven investment approach that relies on exclusive proprietary analysis. We look for unique, high-quality investment opportunities, with an emphasis on quality of real estate and cash flows. Sterling will focus on seeking to identify and acquire a diverse set of assets: (i) where a significant portion of the value will be generated by increasing cash flow at the underlying property; (ii) that can be acquired at a discount by un-locking complex acquisition structures, through portfolio acquisitions or other methods; and (iii) where the opportunity exists to add value through redevelopment or additional development rights. In addition, Sterling seeks to take advantage of today's debt capital markets by securing attractively priced, longer-term acquisition financing in order to lock in historically low rates and to minimize refinancing risk.

Sterling intends to leverage its extensive network of contacts to identify investment opportunities. Mr. Kudsi and the Sterling team have long-term relationships with a variety of industry participants, including property owners and managers, brokers, leading financial institutions, major multinational corporations and other real estate fund managers.

Sterling believes that the Principal's deep understanding of seller objectives and needs, credibility as an investor its targeted sectors and reputation for fair dealing are key advantages in sourcing and completing off-market investments. Sterling's due diligence process includes full-scale, rigorous financial, physical property, legal and market analysis. We strive to understand all aspects of the property and the market that could influence it during the holding period and identify characteristics of the property others may have missed.

Sterling believes its philosophy of focusing on high-quality real estate and best-in-class operations combined with capital preservation and downside protected capital structures should maximize both long-term capital value and internal rate of return ("IRR").

While Sterling intends to adapt to current and anticipated conditions in the real estate cycle, it believes that the following investment themes will offer the greatest opportunity to achieve attractive risk-adjusted returns in the near-to-medium term:

- **High-Quality Assets in Global Gateway Cities.** Sterling targets high-quality assets in prime locations. Upon a well-timed future sale, Sterling believes these assets can be sold at a premium given their iconic nature and/or strategic location within city centers that have limited available land for new development.
- **Value Added Repositioning.** Sterling seeks to invest in properties that require financial and/or physical repositioning or management expertise to increase asset level cash flows. Sterling sees significant opportunity in converting properties from underperforming or obsolete uses to higher and more valuable uses. Sterling believes it can add value to these properties in numerous ways, including asset renovations, redevelopments, re-tenanting, staff and other cost reductions and/or rationalizing the management team, as appropriate.
- **Creative Solutions to Complex Problems.** Sterling pursues investment opportunities arising out of bankruptcies and debt restructurings. We believe our team's diverse set of real estate backgrounds provides us with the skills needed to identify attractive entry points and navigate challenges to access and unlock additional asset value.
- **Debt / Distressed Opportunities.** Sterling seeks opportunities to acquire debt with the goal of taking control of the asset to convert or reposition properties to their highest and best uses. At this time, we believe there are opportunities to acquire and restructure debt instruments or partner with owners to provide equity to deleverage assets across a

variety of product types. Transactions may take the form of outright note purchases, acquisition of participating interests, non-investment grade tranches of mortgage backed securities, mezzanine interests or unsecured and secured debt of public real estate companies.

The amount of leverage employed for each investment will vary based upon the specifics of the transaction and market conditions at the time. However, we expect leverage across the Fund's portfolio to typically average 55% to 60% of gross asset value. Sterling expects the Fund's use of leverage, both in terms of quantum and duration, to typically be more conservative than many of its opportunistically-investing peer funds.

Risk of Loss

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

An Investor in the Fund should carefully consider, among other factors, the matters described below and all respective risk factor and risk of loss as described in all applicable Offering Documents. As a result of these factors, as well as other risks inherent in any investment or set forth elsewhere in the applicable Offering Documents, there can be no assurance that the Fund will meet its investment objectives or otherwise be able to successfully carry out its investment program. The Fund returns are unpredictable, and accordingly, its investment program is not suitable as the sole investment vehicle for an Investor. An Investor should only invest in the Fund as part of an overall investment strategy and only if the investor is able to withstand a total loss of its investment.

No Assurance of Investment Return

None of the Fund, the General Partner, the Adviser or their respective affiliates provide any assurance whatsoever that the General Partner, the Adviser or their respective affiliates, as applicable, will be successful in choosing, making, managing and realizing investments in any particular asset, company or portfolio of assets or companies. There is no assurance that the Fund will be able to generate returns for the Investors or that the returns will be commensurate with the risks of investing in the type of assets or companies and transactions described herein. There may be little or no near-term cash flow available to the Investors from the Fund and there can be no assurance that the Fund will make any distribution to the Investors. Partial or complete sales, transfers or other dispositions of investments which may result in a return of capital or the realization of gains, if any, generally are not expected to occur for a number of years after an investment is made. An investment in the Fund should only be considered by persons for whom a speculative, illiquid and long-term investment is an appropriate component of a larger investment program and who can afford a loss of their entire investment. Past performance of any fund, investment or investment professional is not necessarily indicative of future results. There can be no assurance that the Fund will achieve its investment or performance objective.

Limited Operating History; Role of Sterling and its Professionals

The Fund, the General Partner and the Adviser have a limited operating history upon which prospective investors may evaluate the likely performance of the Fund. The past performance of Sterling and its investment professionals, as with all performance data, can provide no assurance of future results. Investors in the Fund are placing their entire capital commitment in the discretion of, and are dependent upon the skill and experience of, the General Partner, the Adviser and their affiliates. Investors will be relying on the ability of the General Partner, the Adviser and their affiliates to select investments to be made by the Fund.

Although Sterling's investment professionals have considerable prior experience in real estate and other investments, prospective investors should draw no conclusions from the prior experience of Sterling's investment professionals or the performance of any investments or funds and should not expect the Fund to achieve similar returns. The success of the Fund will be dependent, in whole or in part, on the skill and management talent of Sterling's investment professionals, the ability of Sterling's personnel to be successfully integrated into the Sterling organization, Sterling's ability to identify (and willingness to provide acceptable compensation to attract, retain and motivate) talented investment and non-investment professionals and, as more fully discussed below, the management talent of portfolio companies. There can be no assurance that Sterling will be able to hire and retain any current or future personnel that it seeks to maintain or add to its roster of investment professionals.

There is ever-increasing competition among alternative asset firms, financial institutions, private equity firms, investment managers, real estate investment companies, real estate investment trusts and other industry participants for hiring and retaining qualified investment professionals. There can be no assurance that any current or future professionals will continue to be associated with Sterling throughout the life of a particular investment or of the Fund. A loss of the services of one or more professionals could impair Sterling's ability to provide services to the Fund and therefore could have a negative effect on the Fund and the Interests. In addition, Sterling investment professionals may work on other projects for Sterling. Conflicts of interest are expected to arise in allocating management time, services or functions.

Moreover, the Fund is subject to all of the business risks and uncertainties associated with any new fund, including the risk that it will not achieve its investment objectives and that the value of an Interest could decline substantially. Such risks may be exacerbated as a result of the matters discussed above.

Reliance on the General Partner and Adviser

The General Partner and the Adviser will have exclusive responsibility for the Fund's activities, and Investors will not be able to make any investment or other decisions concerning the management of the Fund or its investments. Accordingly, Investors will be relying on the ability of the Adviser to select portfolio investments to be made using the capital available to the Fund and to identify, structure and implement investments that it believes to be consistent with the Fund's overall investment objectives and policies at such times as it determines. Investors may not receive

information about portfolio investments that is generally available to the General Partner and the Adviser. The General Partner generally will have sole and absolute discretion in structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of the Fund. The success of the Fund will depend on the ability of the Sterling investment team to identify suitable investments and to negotiate and arrange the closing of appropriate transactions and the timely disposition of portfolio investments. Sterling may be unable to find a sufficient number of suitable attractive opportunities to meet the Fund's investment objectives. Further, if, due to extraordinary market conditions or other reasons, the revenues of the Sterling were to decline substantially, Sterling may be unable to retain employees and provide the same level of service to the Fund as it had previously. No person should purchase an Interest unless such person is willing to entrust all aspects of the management of the Fund to the General Partner and the Adviser. In the limited areas where the Investors have the right to consent to or to take certain actions, it should be noted that the Investors and the limited partners of any parallel fund generally vote on all matters on a combined basis as set forth in the partnership agreement. Accordingly, action by limited partners in a parallel fund, if any, could affect the Fund.

Risk of Loss

All investments involve the risk of loss of capital. No guarantee or representation is made that the Fund's investment program will be successful. The Fund's investment program is expected to involve investments or investment techniques (including the incurrence of leverage and various forms of hedging) that can, in certain circumstances, increase the adverse impact to which the Fund's portfolio would be subject and impact the Fund's performance.

Broad Investment Mandate

An investor in the Fund must rely upon Sterling's ability to identify, structure and implement investments that it believes are consistent with the Fund's overall investment objectives and policies at such times as it determines. Within the general real estate investment strategies to be executed by the Fund and the parameters set forth in the partnership agreement, there are few material limitations on the instruments or markets in which the Fund may invest or the specific investment strategies that may be employed on behalf of the Fund. The Fund is expected to make both control-oriented and non-control-oriented investments. It is expected that, in light of the Fund's broad investment mandate, the Fund will make equity and/or debt investments that do not involve control or influence over the underlying portfolio company. Additionally, the Fund will be permitted to invest (and can be expected to invest) in any number of real estate and real estate-related portfolio investments operating in a wide range of industries, sectors or activities. There is no requirement that the Fund maintain a specific balance between private equity, distressed and structured transaction investments at any point in time and there are no formal diversification or other portfolio construction requirements to which the Fund is subject other than as set forth in the partnership agreement.

Limited Number of Portfolio Investments; Concentration

The number of portfolio investments in which the Fund is invested is expected to be, at times, limited and may be concentrated, including, for example during ramp-up or harvest periods. Within the context of the Fund's broad real estate-related investment program, other than as set forth in the partnership agreement, investors in the Fund generally have no assurance as to the degree of diversification of the portfolio investments, either by issuer, strategy, asset type, security and/or loan, geographic region, sector, location in the capital structures of the issuers in which the Fund invests or other measures. To the extent the Fund invests in a particular issuer, strategy, asset type, security and/or loan, geographic region, sector or location in the capital structure, its investments will become more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto. As a consequence, the aggregate return of the Fund would be adversely affected by the unfavorable performance of one or a small number of portfolio investments. To that extent, although the Fund is subject to certain diversification and geographic investment limits, at points in time, the Fund's portfolio is likely to be concentrated – whether by issuer, strategy, asset type, geographic region, sector, location in the capital structures of the issuers in which it invests or other measures. The Fund's returns could be adversely affected by the unfavorable performance of one or a small number of portfolio Investments. Concentration can also exist at other times during or after the commitment period, including as the commitment period ramps up and the harvest period progresses. There are no assurances that all of the Fund's investments will perform well or even return capital. If certain investments perform unfavorably, for the Fund to achieve above-average returns, one or a few of its investments must perform very well. There are no assurances that this will be the case.

Side Letters

In connection with or as a condition to an investor's agreement to invest in a Fund, the Fund or its general partner may from time to time enter into a "side letter" or similar agreement with an institutional or other investor pursuant to which the Fund or its general partner grants the investor specific rights, benefits or privileges that are not generally made available to all investors. Such rights, benefits or privileges may include waivers or discounts on management fees and/or carried interest, "most favored nation" clauses, preferential access to co-investment opportunities, the right to be excused from participating in certain investments made by a Fund, notice rights upon the occurrence of certain events, seats on a Fund's limited partner advisory committee, specialized or additional reporting rights, rights related to tax treatment, rights related to regulatory matters, rights related to immunities or indemnification, rights related to the ability of the investor to transfer its interest in the Fund, additional representations and warranties from the Fund, its general partner and/or the Firm, modifications to the subscription agreement and other benefits. While the ability of a Fund or its general partner to enter into a side letter or similar agreement affording preferential rights to certain investors is generally disclosed to other investors in the Fund, the terms of such "side letters" or similar agreements are generally not disclosed to other investors in the Fund, except to investors that have separately negotiated for the right to review such agreements.

General Real Estate Risks.

Real estate investments generally will be subject to the risks incident to the ownership and operation of real estate and real estate-related assets and/or risks incident to the making of non-recourse mortgage loans secured by real estate, including risks associated with both the domestic and international general economic climates; local real estate conditions; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); seizure under eminent domain; the financial condition of tenants, buyers and sellers of properties; changes in availability of debt financing; energy and supply shortages; changes in the tax, real estate, environmental and zoning laws and regulations; various uninsured or uninsurable risks; natural disasters; and the ability of the Fund or third-party borrowers to manage the real properties. The Fund may incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. In addition, an investment in real estate may subject the Investors to taxation and tax return filings with respect to such investment in the jurisdiction in which such real estate is located.

Changes in general economic conditions will affect the performance of real estate investments and/or the value of the underlying real estate relating to the portfolio investments and may include economic and/or market fluctuations, changes in environmental and zoning laws, casualty or condemnation losses, regulatory limitations on rents, decreases in property values, changes in the appeal of properties to tenants, changes in supply and demand, fluctuations in real estate fundamentals, the financial resources of issuers / borrowers, changes in building, environmental and other laws, energy and supply shortages, various uninsured or uninsurable risks, natural disasters, changes in government regulations, changes in real property tax rates and/or tax credits, changes in operating expenses, changes in interest rates, changes in foreign exchange rates, changes in the availability of debt financing and/or mortgage funds which may render the sale or refinancing of properties difficult or impracticable, increased mortgage defaults, increases in borrowing rates, negative developments in the economy and/or adverse changes in real estate values generally and other factors that are beyond the control of the General Partner and the Adviser. Consumer demand for certain industries in which the Fund may invest (such as hospitality) is particularly sensitive to downturns in the economy and the corresponding impact on discretionary spending on leisure activities. Changes in discretionary consumer spending or consumer preferences brought about by factors such as perceived or actual general economic conditions, effects of decline in consumer confidence in the economy, the impact of high energy or food costs, the increased cost of travel, the potential for decreases in perceived or actual disposable consumer income and wealth or other political, cultural or economic fears may reduce consumer demand for the amenities such industries and portfolio investments offer, thus imposing practical limits on pricing and negatively impacting the financial condition of the Fund.

Certain of the Fund's investments in a real estate asset may be structured on a passive basis, giving a third-party operating partner and/or property manager a large degree of authority and responsibility for daily management of the assets and, therefore, will in large part be dependent on the ability of third parties to successfully operate the underlying real estate assets. In addition, the

Fund will be unable to exercise sole decision-making authority and will be subject to the risk that a joint venturer or partner will act negligently or in a manner contrary to the Fund's best interest. There is no assurance that there will be a ready market for resale of investments because investments in real estate generally are not liquid; holding periods accordingly are difficult to predict, particularly as business plans may be revised to adapt to changing economic, business and financial conditions.

Real estate investments are not as liquid as other types of investments and this lack of liquidity has the potential to limit the Fund's ability to react promptly to changes in economic or other conditions. In addition, significant expenditures associated with real estate investments, such as mortgage payments, real estate taxes and maintenance costs, as a general matter, are not reduced when circumstances cause a reduction in income from the investments. The Fund would need to comply with certain legal, tax and other requirements prior to liquidating such investments.

The insurance coverage applicable to real estate investments contains policy specifications and insured limits customarily carried for similar properties, business activities and markets. There are certain losses, including losses from floods and losses from earthquakes, acts of war, acts of terrorism or riots, that generally are not insured against or that generally are not fully insured against because it is not deemed to be economically feasible or prudent to do so. If an uninsured loss or a loss in excess of insured limits occurs with respect to a real estate investment, the Fund could experience a significant loss and could potentially remain obligated under any recourse debt associated with the property. The Fund also may have limited recourse against prior owners with respect to unknown liabilities, which could be substantial. The Fund will attempt to uncover any such risks as part of its due diligence activities, but cannot give any assurance that such conditions do not exist or may not arise in the future. In addition, fluctuations within the insurance and reinsurance industry will impact real estate investments. The insurance and reinsurance business has historically been a cyclical industry, with prolonged periods of "hard" or "soft" pricing due to competition, catastrophic events, general economic and social conditions and other factors. This cyclicity has produced periods characterized by intense price competition due to excess underwriting capacity as well as periods during which shortages of capacity resulted in high premium levels. Increases in the frequency and severity of losses suffered by reinsurers can also significantly affect these cycles. It is difficult to predict the timing of such events with certainty or to estimate the amount of loss that any given event will generate. To the extent such events impact the coverage of the Fund's real estate investments, the Fund can be expected to be exposed to the effects of such cyclicity.

Under various federal, state, and local laws, ordinances and regulations, a current or previous owner, developer or operator of real estate is generally liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, under or in its property. The costs of removal or remediation of such substances could be substantial. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such hazardous substances. The Fund will attempt to assess such risks as part of its due diligence activities, but cannot give any assurance that such conditions do not exist or may not arise in the future. The presence of such substances on the Fund's real estate investments could adversely affect its ability to sell such investments or to borrow using such investments as collateral.

Competition for Investments.

The activity of identifying, completing and realizing on attractive real estate investments is highly competitive and involves a high degree of uncertainty. The Fund expects to encounter competition from other funds or similar market participants having similar investment objectives and others pursuing the same or similar opportunities. Potential competitors include other partnerships and corporations, business development companies, strategic industry acquirers and real estate investment vehicles, as well as individuals, publicly traded real estate investment trusts as defined in the Code (“**REITS**”), financial institutions (such as mortgage banks and real estate operating companies), sovereign wealth funds, private investment funds and other institutional investors investing directly or through affiliates. New competitors continually enter the market, and in some cases existing competitors combine in a way that increases their strength in the market. Further, over the past several years, an ever-increasing number of real estate investment funds and publicly traded REITS have been formed and others (REITS, for example) have been consolidated for the purpose of investing in real estate assets, including distressed real estate assets (and many such existing funds have grown in size). Additional real estate investment funds and REITS with similar investment objectives can be expected to be formed in the future by other unrelated parties. Additionally, competition for investment opportunities from other investment vehicles has increased on a global scale. Private equity and other alternative asset management vehicles, whether located in developed or emerging market regions, are making global competition increasingly intense. The Fund will compete for investment opportunities in markets where local investors may be able to avail themselves of investment structures that are (or otherwise invest in a manner that is) relatively more tax efficient than structures used by or available to a pooled investment vehicle such as the Fund. There can be no assurance that changes in the competitive dynamic outside the U.S. will not occur, or, if they do occur, that such changes will not adversely affect or otherwise necessitate changes to Sterling’s operations outside the U.S. Such competitors may have more relevant experience, greater financial or other resources and more personnel than the General Partner and the Fund. It is possible that competition for appropriate investment opportunities could increase further, thus reducing the number of opportunities available to the Fund, and adversely affecting the terms upon which investments can be made and increasing the costs to Sterling and the Fund in order to remain competitive. The Fund will from time to time incur bid, due diligence or other costs (including deposits which may not be refundable) on investments which are not consummated or are otherwise not successful. As a result, the Fund will not recover from such portfolio investments all of its costs, which will detract from the Fund’s returns. There can be no assurance that the Fund will be able to identify, locate, complete or exit portfolio investments satisfying its investment criteria or that such portfolio investments will satisfy the Fund’s investment and performance objectives. Likewise, there can be no assurance that the Fund will be able to realize upon the values of its portfolio investments or that it will be able to invest its capital (including undrawn commitments). To the extent that the Fund encounters competition for investments, returns to Investors are likely to be negatively impacted.

Real Estate Debt Investments

The Fund may invest in debt investments in or relating to real estate-related businesses, assets or interests. Real estate debt investments present additional risks not necessarily present in other types of investments. In the case of certain real estate debt investments, the Fund's investment strategy may be based, in part, upon the premise that real estate loans, debt instruments and/or participation interests related thereto that are otherwise performing are from time to time available for purchase by the Fund at "discounted" rates or at "undervalued" prices. Purchasing debt instruments and/or other interests at what may appear to be "undervalued" or "discounted" levels is no guarantee that these portfolio investments will generate attractive risk-adjusted returns to the Fund or will not be subject to further reductions in value. No assurance can be given that real estate loans and/or participation interests can be acquired at favorable prices, that such loans or participation interests will not present risk of default or that the market for such interests will continue to improve since this depends, in part, upon events and factors outside the control of the General Partner. In addition, there can be no assurance that the market conditions for investing in real estate-related debt instruments will not deteriorate further, which could have an adverse effect on the performance of these investments. While the Fund performs due diligence in connection with each of its portfolio investments, there may be an increased risk that the documentation relating to an investment in real estate loans may contain a material misstatement, omission or misrepresentation, which may adversely affect the performance of such portfolio investment.

In the case of any real estate loans acquired by the Fund that are non-performing at the time of acquisition and/or become non-performing following acquisition for a wide variety of reasons, such non-performing real estate loans may require a substantial amount of workout negotiations and/or restructuring, which can entail, among other things, a substantial reduction in the interest rate and a substantial writedown of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such real estate loan, replacement "takeout" financing will not be available. Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control. It is possible that the General Partner will find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by the Fund. The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers in real estate projects often resist foreclosure actions, which often prolongs and complicates an already difficult and time-consuming process. In some states or other jurisdictions, real estate foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property. The ultimate disposition of a foreclosed asset may yield a price insufficient to cover the cost of the foreclosure process and the balance attached to the defaulted loan.

Any deterioration of real estate fundamentals generally, and in the U.S., in particular, could negatively impact the performance of the Fund by making it more difficult for real estate assets to satisfy their debt payment obligations, increasing the default risk applicable to real estate assets and/or making it more difficult for the Fund to generate attractive risk-adjusted returns. Changes in general

economic conditions will affect the creditworthiness of real estate assets and/or the value of the underlying real estate collateral relating to the portfolio investments. The value of securities and/or loans of companies which service the real estate business sector also may be affected by such risks.

Loans and Participations

The Fund's investment program is expected to include investments in loans and/or participations. These obligations are subject to unique risks, including, without limitation: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; (iv) collateral posting obligations that may arise in connection with investments in revolving credit facilities or delayed draw term loans, which give rise to the risk of loss with respect to posted collateral; and (v) the risk that ownership through assignment is not feasible and the Fund may be required to hold its interest via a participation, which gives rise to counterparty credit risk and limitations on the ability of the Fund to directly enforce certain rights (*e.g.*, voting rights). In analyzing each loan or participation, the General Partner typically compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Fund. Bank loans are frequently traded on the basis of standardized documentation which is used in order to facilitate trading and market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue or that the same documentation will be used in the future. The settlement of trading in bank loans often requires the involvement of third parties, such as administrative or syndication agents, and there presently is no central clearinghouse or authority which monitors or facilitates the trading or settlement of all bank loan trades. Often, settlement will be delayed based on the actions of a third party or counterparty, and adverse price movements may occur in the time between trade and settlement, which could result in adverse consequences for the Fund.

The Fund can acquire interests in loans either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest and not with the borrower. In purchasing participations, the Fund typically will not have the right to vote on matters requiring a vote of holders of the underlying debt and may have no right to enforce compliance by the borrower with the terms of the loan agreement, or any rights of set-off against the borrower, and the Fund may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, if the Fund were to hold a participation, it would assume the credit risk of both the borrower and the institution selling the participation to the Fund. In certain circumstances, investing in the form of participation may be the most advantageous or only route for

the Fund to make or hold any such investment, including in light of limitations relating to local laws or the willingness of administrative agents or borrowers to allow the Fund to become a direct lender.

Where the Fund acquires a participation interest in a loan, the form of agreement documenting the acquisition can vary based on the contract law governing the debt. Where the contract is governed by New York law, the agreement is also generally governed by New York law and intended to be structured as a “true participation,” providing the Fund with a beneficial ownership right in the proceeds payable in relation to the bank debt. This structure can limit the Fund’s counterparty credit risk exposure against the institution selling the participation, and if the seller files for bankruptcy during the life of the agreement, the court may “ring-fence” proceeds related to the bank debt for the benefit of the Fund. Where the contract is governed by English law (or the law of another European jurisdiction), the agreement documenting the participation in many instances will be governed by English or such other local law and structured as a derivative agreement between the Fund and the institution selling the debt. This structure generally carries a higher risk for the Fund because the derivative agreement grants no beneficial ownership interest in the proceeds paid to the selling institution, providing the Fund with only an unsecured claim against the selling institution in the event of its bankruptcy during the life of the agreement.

While the U.S. Commodity Futures Trading Commission (the “**CFTC**”) and the SEC have finalized rules excluding many purchases of participation interests from the definition of “swap” or “security-based swap,” there is a risk that certain derivative agreements documenting such purchases could still satisfy either definition. A transaction could satisfy either definition (or both) if structured as an exchange of payments based on the value of interest or another rate, instrument of indebtedness, or other financial or economic interest without also conveying a current or future direct or indirect ownership interest in an asset. If found to be a security-based swap, this will be considered a “security” for the purposes of Securities Act and the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). If found to be a swap, it would be considered a “commodity interest” for purposes of the Commodity Exchange Act and if it satisfies both the definitions of “swap” and “security-based swap,” it would be considered a “mixed swap.” The implications of a derivative contract being a “security-based swap,” “swap” or “mixed swap” may result in increased regulatory requirements by the SEC, CFTC or both and could mean increased costs, liabilities and compliance risks on behalf of the Fund.

General Economic and Market Conditions

The real estate industry generally and the success of the Fund’s investment activities in particular will both be affected by general economic and market conditions in the relevant economy (whether within or outside the U.S.), such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in applicable laws and regulations (including laws relating to taxation of the portfolio investments), trade barriers, currency exchange controls, continued technology disruption, tax reform or other significant policy changes as well as national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts, security operations or public health considerations) in respect of the countries in which the Fund may invest.

These factors may affect the level and volatility of prices and the liquidity of portfolio investments. Volatility or illiquidity could impair the Fund's profitability or result in losses in the event the Fund is unable to maintain its positions through such periods. Moreover, a sustained downturn in the U.S. or global economy (or any particular segment thereof) could adversely affect the Fund's profitability or impede the ability of the companies in which the Fund is invested to perform. In addition, rapid changes in inflation could have a negative effect on the performance of the Fund. Any of the foregoing events could result in substantial or total losses to the Fund in respect of certain investments, which losses will likely be exacerbated by the presence of leverage applied by the Fund or at the investment level. The factors that could cause one of the portfolio investments to decline in value or otherwise perform poorly can affect the fair value of the portfolio investments, possibly adversely. The investment performance of one or more portfolio investments may not be uncorrelated or unrelated to the investment performance of other portfolio investments generally. In the event of a broad market downturn or developments within one or more portions of the global economy, a large portion of the portfolio investments may together be adversely affected. Prospective Investors should not expect that any particular portfolio investment or the Fund's portfolio as a whole will be isolated from the potential negative effects of market events or general economic trends. The Fund has the authority to maintain certain substantial trading positions that can be adversely affected by the level of volatility in the financial markets – the larger the positions, the greater the potential for loss. The financial condition of a company in which the Fund invests, the Fund or Sterling may be adversely affected by a significant general economic downturn and such company, the Fund or Sterling may be subject to legal, regulatory, reputational and other unforeseen risks that could have a negative effect on their business and operations and thereby could impact the Fund.

Bank Deposit and Custody Risk

Deposits maintained at an FDIC-insured bank are insured up to \$250,000 per depositor, per insured bank, for each account ownership category, in the event of a bank failure. Any deposits over \$250,000 in cash per account at a single bank may be unrecoverable in the event the bank fails. In March 2023, developments in the banking sector have caused uncertainty and fear of instability in the global financial system. In addition, some banks acting as qualified custodians, smaller regional banks in particular, have been subject to concerns that depositors at these institutions have withdrawn, or may withdraw in the future, significant sums from their accounts and have also experienced volatile stock prices and significant losses in their equity value. Such circumstances could impact the operations of those custodians and potentially lead to their insolvency, bankruptcy or other events that could subject the ISA's assets to a risk of loss. Due to these concerns, there is a higher risk of loss of deposits in excess of \$250,000, risks surrounding liquidity concentration, systemic risk regarding the failure of other banks, and increased compliance costs associated with diversifying deposits among multiple banks. However, diversifying banking relationships could serve to mitigate the potential loss of assets and available liquidity.

Real Estate Market Conditions

The Fund's strategy in some portfolio investments may be based, in part, upon the premise that real estate businesses and assets will be available for purchase by the Fund at prices that the General Partner considers favorable. Further, the Fund's strategy relies, in part, upon market conditions existing during the term of the Fund. For instance, any downturn in the global economy may adversely affect the financial condition of residential owners and tenants, making it more difficult for them to meet their periodic repayment obligations relating to certain residential, multi-family real estate properties, which could adversely impact the Fund's investment performance. Local real estate markets can decline for any of a number of reasons, including but not limited to population decline, natural disasters, poor regional economic performance, excess development leading to oversupply, local government policies and heightened taxes. No assurance can be given that real estate businesses and assets can be acquired or disposed of at favorable prices or that the market for such assets will recover, continue to improve or not deteriorate as the case may be, since this will depend, in part, upon events and factors outside the control of the General Partner. Actual or perceived trends in real estate markets do not guarantee, predict or forecast future events, which may differ significantly from those implied by such trends. In addition, current trends in the real estate market and broader market generally have been toward disrupting a traditional approach to an industry with technological innovation, and multiple young companies have been successful where this trend toward disruption in markets and market practices has been critical to their success. In this period of rapid technological and commercial innovation, new businesses and approaches are likely to be created that will compete with the Fund and/or its portfolio investments or alter the market practices the Fund's strategy has been designed to function within and depend on for investment return. Any of these new approaches could damage the Fund's investments, significantly disrupt the market in which it operates and subject it to increased competition, which could negatively affect its business, financial condition and results of investments.

Investments in Troubled Assets/Bankruptcy Considerations

Investment in the Fund requires a long-term commitment with no certainty of return. The Fund may make investments in non-performing, sub-performing, distressed, undercapitalized or other troubled real estate and real estate-related assets, which may involve a high degree of financial risk. There may be little or no near-term cash flow available to the Investors. Since the Fund may only make a limited number of investments, poor performance by a few of the investments could severely affect the total returns to the Investors.

Investments made in assets operating in workout modes or under bankruptcy, insolvency or other debtor-protection codes present a number of risks. Bankruptcy proceedings are inherently litigious, time consuming, cost-intensive, highly complex and driven extensively by facts and circumstances, which can result in challenges in predicting outcomes. The equitable power of bankruptcy judges also can result in uncertainty as to the ultimate resolution of claims. For example, if the Fund is found to have inappropriately exercised control over the management and policies of the debtors, the Fund's interest can be subordinated or disallowed, and the Fund could be liable to third parties in such circumstances. Furthermore, distributions made to the Fund in respect of such investments, and distributions by the Fund to the Investors, could be recovered if such distributions are found to be a

fraudulent conveyance or preferential payment or the equivalent under the laws of certain jurisdictions. Bankruptcy laws may delay the ability of the Fund to realize on collateral for loan positions held by it or may adversely affect the priority of such loans through doctrines such as equitable subordination or may result in a restructure of the debt through principles such as the “cramdown” provisions of the bankruptcy laws. Non-U.S. jurisdictions may present analogous or different credit issues. These considerations may be particularly pronounced in certain non-U.S. jurisdictions, where special challenges (such as a more broad right to disregard security interests under notions of equitable considerations) often are present.

Land/New Development; Risk of Fraud

Subject to certain limitations set forth in the partnership agreement, the Fund may acquire direct or indirect interests in undeveloped land or underdeveloped real property, which oftentimes may be non-income producing during the development and marketing phase. To the extent that the Fund invests in such assets, it will be subject to the risks normally associated with such assets and development activities. Such risks include, without limitation, new project commencement risks, such as the failure to obtain zoning, occupancy and other required governmental permits and other regulatory or environmental approvals, and/or issuance of permits containing unfavorable terms, the cost and timely completion of construction (including risks beyond the control of the Fund, such as weather conditions or material shortages), risks connected to environmental issues or labor disputes (such as work stoppages), risks relating to the performance of the Fund’s builders or subcontractors and/or third-party consultants, risks of inaccurate project feasibility assessments, risks of incorrectly forecasting the risk associated with development in new geographic regions, risks relating to the availability of both construction and/or permanent financing on favorable terms, risks that the properties will not achieve anticipated occupancy levels or sustain anticipated rent levels (such as decreased demand due to competition from other developers or depressed lease rates and rents due to market and economic conditions) and risks associated with political or local opposition. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the Fund and on the amount of funds available for distribution to the Investors. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. In addition, market conditions may change after the initial investment and during the course of development that make such development less attractive than at the time it was commenced. Certain investments will require the Fund to enter into partnership, joint ventures, and/or other arrangements with developers or operators, any of whom may fail to perform as expected. In addition, investments in new development activities could be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any counterparty with which the Fund invests, the Fund may suffer a partial or total loss of capital invested in that company. There can be no assurance that any such losses will be offset by gains (if any) realized on the Fund’s other investments.

Environmental Liabilities

The Fund may be exposed to substantial risk of loss from environmental claims arising from portfolio investments involving undisclosed or unknown environmental, health or occupational safety matters, or problems with inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. Under various federal, state, and local laws, ordinances and regulations, a current or previous owner, developer or operator of real estate is generally liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, under or in its property. Such laws may impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability also may be imposed without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The cost of any required remediation and the owner's liability therefor as to any property generally are not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate contamination from such substances, may adversely affect the owner's ability to sell the real estate or to borrow funds using such property as collateral, which could have an adverse effect on the Fund's return from such portfolio investment. Environmental claims with respect to a specific portfolio investment may exceed the value of such portfolio investment, and under certain circumstances, subject the other assets of the Fund to such liabilities. In addition, even in cases where the Fund is indemnified by the seller with respect to a portfolio investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of the Fund to achieve enforcement of such indemnities.

Prolonged changes in climatic conditions could have a significant impact on the revenues, expenses and conditions of certain portfolio investments. While the precise future effects of climate change are unknown, it is possible that climate change could affect precipitation levels, cause droughts, affect wind levels, annual sunshine levels, sea levels and the severity and frequency of storms and create or substantially contribute to other severe weather events. In the event that climate change causes sea levels to rise, certain portfolio investments might be forced to incur expenses to prevent assets from being damaged or rendered unusable by such rising sea levels. Moreover, if the evidence supporting climate change continues to mount, various regulatory agencies may enact more restrictive environmental regulations. These more restrictive regulations could materially impact the revenues and expenses of an investment.

Illiquid and Long-Term Investments, Investments Longer than Term

The Fund intends to invest in debt and equity obligations and other investments in real estate properties and real estate businesses for which the number of potential purchasers and sellers, if any, is often very limited. This factor may have the effect of limiting the availability of these assets for purchase by the Fund and also may limit the ability of the Fund to sell such obligations at fair value prior to termination of the Fund or in response to changes in the economy or financial and real estate markets. Due to the illiquid nature of many of the positions which the Fund is expected to acquire, as well as the uncertainties of the reorganization and active management process or litigation related to investments made by the Fund, the General Partner is unable to predict with confidence what the

exit strategy will ultimately be for any given portfolio investment, or that one will definitely be available. It is anticipated that there will be a significant period of time before the Fund will have completed its investments in portfolio companies. Exit strategies that appear to be viable when a portfolio investment is initiated may be precluded by the time the portfolio investment is ready to be realized due to economic, legal, political or other factors. Although portfolio investments by the Fund occasionally generate some current income, private investment transaction structures typically will not provide for liquidity from the Fund's investment prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of the Fund's investments will occur for a substantial period of time from the date of the final closing of the Fund. In the case of privately negotiated transactions, the Fund generally will not be able to sell its securities or instruments publicly unless the issuer has made a public offering and such sale is registered under applicable securities laws or unless an exemption from such registration requirements is available. In addition, in some cases the Fund will be prohibited by contract or other limitation from selling certain securities or instruments for a period of time (*e.g.*, due to limitations on sale arising from contractual lockups, obligations to receive consent to transfer or assign interests, or rights of first offer), and as a result may not be permitted to sell a portfolio investment at a time it might otherwise desire to do so. Further, dispositions of investments may require a lengthy time period or result in distributions in kind to Investors. In such cases, the range of disposal strategies available to the Fund would be further limited.

The Fund may invest in investments which may not be advantageously disposed of prior to the date that the Fund will be dissolved, either by expiration of the Fund's term or otherwise. Although the General Partner expects that investments will either be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, it may be necessary or advisable for the Fund to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. In addition, although upon the dissolution of the Fund, the General Partner (or the relevant liquidator) will be required to use its reasonable efforts to reduce to cash and cash equivalents the assets of the Fund as the General Partner or such liquidator shall deem it advisable to sell, subject to obtaining fair value for such assets and any tax or other legal considerations, there can be no assurances with respect to the time frame in which the winding up and the final distribution of proceeds to the Investors will occur.

Non-Control Investments and/or Investments with Third Parties in Joint Ventures and Other Entities

The Fund may hold non-controlling interests in certain portfolio companies and, therefore, may have no right to appoint a director and a limited ability to protect its interests in such companies and to influence such companies' management. Similarly, the Fund may co-invest with third parties through joint ventures or other entities, thereby acquiring non-controlling interests in certain investments. In such cases, the Fund could be significantly reliant on the existing management and board of directors of such companies, which may include representation of other financial investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund. Such

investments involve risks not present in investments where a third party is not involved, including the possibility that a third-party partner or co-venturer (i) may have financial difficulties resulting in a negative impact on such investment, (ii) may have economic or business interests or goals that are inconsistent with those of the Fund or (iii) may be in a position to take action contrary to the Fund's investment objectives. In addition, the Fund may, in certain circumstances, be liable for the actions of certain third parties, including co-investors. Investments made with third parties in joint ventures or other entities also often involve a special profits allocation and/or other fees, compensation or other amounts payable to such third-party partners or co-venturers. As a result, the Fund will have to bear the expenses, fees and performance-based compensation associated with such investments. There is a risk that the combination of the Management Fee and Carried Interest with such expenses, fees and performance-based compensation could result in lower returns to Investors than are associated with other investments.

No Market for Investors Interests / Transferability Restrictions and Limited Liquidity

The interests will not be registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any other jurisdiction. Therefore, the interests cannot be resold unless subsequently registered under the Securities Act and other applicable laws or an exemption from such registration is available. It is not contemplated that registration of the interests under the Securities Act or other securities laws ever will be affected. There is no public market for the interests and none is expected to develop. Accordingly, it may be difficult to obtain reliable information about the value of the interests. In addition, the interests are not transferable except with the consent of the General Partner, which it may withhold in its discretion. An Investor will not be permitted to share confidential information regarding the Fund or such Investor's interests with prospective purchasers of its interests unless the General Partner provides its prior written consent, which it may withhold in its discretion. Investors may not withdraw capital from the Fund, except in very limited circumstances. The General Partner is under no obligation to facilitate or approve transfers or withdrawals and may deny any such requests for any reason. The Fund expects to invest a substantial portion of its assets in securities and/or loans that are not publicly traded and which the Fund may not be able to readily dispose of and, in some cases, may be contractually prohibited from disposing of for a specified period of time. Consequently, Investors may not be able to liquidate their investments prior to the Fund's dissolution and must therefore be prepared to bear the economic risk of an investment for an indefinite period. An investment in the Fund is suitable only for sophisticated investors who do not require liquidity for their investment.

Highly Leveraged Companies

The portfolio investments are expected to include companies whose capital structures have significant leverage either before or during the Fund's investment. Instruments issued by such companies may have limited covenants (e.g., "covenant lite" securities), and the lack of robust covenants can increase the risk associated with an investment in such issuers. While investments in leveraged companies offer the opportunity for capital appreciation and Sterling approaches leverage

in a manner it believes to be prudent, such investments involve a high degree of risk. The portfolio investments will involve varying degrees of leverage, which could magnify the impact of circumstances such as unfavorable market or economic conditions, operating problems and other challenges that affect the relevant company or its industry, resulting in a more pronounced effect of such circumstances on the profitability or prospects of such companies. In using leverage, companies typically are subject to terms and conditions that include restrictive financial and operating covenants, which may impair their ability to finance or otherwise pursue their future operations or otherwise satisfy additional capital needs. Moreover, rising interest rates will, unless such rates are fixed pursuant to the terms of any such indebtedness, significantly increase such portfolio companies' interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet its debt obligations, the Fund is likely to suffer a partial or total loss of capital invested in the company, which, depending on the size of the Fund's investments, could adversely affect the return on the capital of the Fund.

Contingent Liabilities

From time to time, the Fund may incur contingent liabilities in connection with an investment. For example, the Fund may enter into agreements pursuant to which it agrees to assume responsibility for default risk presented by a third party, and may, on the other hand, enter into agreements through which third parties offer default protection to the Fund. From time to time, the Fund also may be asked to guarantee the liabilities of its affiliates. In addition, in connection with the disposition or financing of an investment, the Fund may be required to make representations about the business, financial affairs and other aspects (such as property, tax, insurance and litigation) of a portfolio company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. It also may be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosures ultimately prove to be inaccurate. In the event that the amount of such contingent liabilities exceeds the reserves and other assets of the Fund, subject to the terms of the Fund's governing documents, the Investors may be required to return to the Fund all or a portion of amounts distributed to them to fund the Fund's indemnification obligations.

Non-U.S. Investments Generally

The Fund expects to invest a portion of its aggregate capital commitments outside of the U.S. Non-U.S. real estate-related investments involve certain risk factors not typically associated with investing in U.S. real estate-related investments, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Fund's foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) exposure to fluctuations in interest rates payable with respect to the instruments in which the Fund invests; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iv) differences between the U.S. and foreign securities markets or real

estate markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (v) differences in the legal, compliance and regulatory environment; (vi) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, political hostility to investments by foreign or private equity investors, the risks of political, economic or social instability, including the risk of sovereign defaults, regulatory change and the possibility of expropriation or confiscatory taxation or the imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale or disposition proceeds (which are difficult to predict, particularly in light of the significant uncertainty regarding the application of non-U.S. tax law and income tax treaties to any U.S. or non-U.S. structures the General Partner uses to hold certain portfolio investments, including due to a lack of judicial or administrative authority, interpretation or guidance); (vii) the possible imposition of foreign taxes on income, gains and gross sale or other proceeds relating to such securities or instruments; (viii) differing and potentially less well-developed or well-tested corporate laws regarding the rights of creditors and other stakeholders (including the rights of secured parties), fiduciary duties and the protection of investors; and (ix) less publicly available information. Additionally, political and social instability in the countries in which the Fund invests could adversely affect the Fund's investments in such countries. Such instability could result from, among other things, popular unrest associated with demands for improved political, economic and social conditions, or government policies. Governments of certain of these countries have exercised and continue to exercise substantial influence over many aspects of the private sector.

Many of the laws that govern private and foreign investment, creditors' rights and other contractual relationships in non-U.S. countries, particularly in developing countries, are new and largely untested. As a result, the Fund could be subject to a number of unusual risks, including inadequate investor protection (for example, certain markets do not have well-developed stakeholder rights, which could adversely affect the Fund's investments), contradictory legislation, incomplete, unclear and changing laws, laws and regulations subject to inconsistent or arbitrary interpretation, ignorance, disregard or breaches of regulations on the part of other market participants, lack of established or effective avenues for legal redress, lack of standard practices and confidentiality customs characteristic of developed markets and lack of enforcement of existing regulations. In addition, in certain non-U.S. countries, there is less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. There can be no assurance that these risks will not have a negative effect on the Fund and its operations.

Prior government approval for foreign investments is required under certain circumstances in certain markets in Europe and other non-U.S. jurisdictions, and the process of obtaining these approvals often requires a significant expenditure of time and/or other resources. Furthermore, certain portfolio investments in certain markets in Europe and other non-U.S. jurisdictions require significant government approvals under corporate, securities, exchange control, foreign investment

and other similar laws, and at times require financing and structuring alternatives that differ significantly from those customarily used in more well-developed countries. In addition, in certain countries, certain laws and regulations have been subject to frequent and unforeseen change, potentially exposing the Fund to restrictions, taxes and other obligations that were not anticipated at the time an investment was initially made. The Fund is likely to be less influential than other market participants in jurisdictions where the Fund does not have a significant presence.

Certain countries are in the initial stages of their economic development and have a lower per capita gross national product or a lower income economy as compared to the more developed economies. Markets for investments in such countries are not as developed and may be less liquid than markets in more developed countries. Investments in companies domiciled in emerging market countries may be subject to potentially higher risks as compared with the average risks among investments in more developed countries. For example, in emerging and developing markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, real estate markets and other over-the-counter markets, brokers, dealers, counterparties and issuers than in other, more established markets. Any regulatory supervision that is in place may be subject to manipulation or control. Some emerging and developing market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform often does not proceed at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership is not yet in place in certain areas, which increases the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in real estate companies or assets or related instruments do not exist or are subject to inconsistent or arbitrary appreciation or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Due to the foregoing risks and complications, the costs associated with investments located in emerging markets generally are higher than for investments located in developed countries.

The Fund also may encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts, including because the integrity and independence of the judicial systems in some of the countries in which the Fund invests varies. For example, it is more difficult to enforce contracts in some countries, especially against governmental entities, which could materially and adversely affect revenues and earnings of the Fund or its portfolio companies. If counterparties repudiate contracts or default on their obligations, there may not be adequate remedies available. Furthermore, to the extent the Fund or a portfolio company obtains a judgment in a country with a strong judiciary but is required to seek its enforcement in the courts of a country with a weaker judiciary, there can be no assurance that the Fund or such portfolio company will be able to enforce the judgment. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries.

Existing and new laws and regulations in non-U.S. jurisdictions in which the Fund invests may affect the Fund's investments in such jurisdictions in a manner that differs adversely from the results that

would occur under U.S. laws and regulations applied to similar facts. The implementation or interpretation of such laws and regulations as they relate to the Fund's activities are largely outside the Fund's control. For example, the Fund's investments in the debt of companies located in certain non-U.S. jurisdictions may be adversely affected as a result of the ownership or control of an equity stake in such companies by Sterling and/or its affiliates. For example, in certain circumstances, the Fund could be subject to German "equity substitution rules" (similar to equitable subordination in the U.S.) if a company in which the Fund holds a debt investment and in which Sterling and/or its affiliates holds an equity investment were to become insolvent. In such case, among other things, (i) the Fund may not be able to enforce its rights with respect to collateral, if any, (ii) the debt held by the Fund may be subordinated and (iii) the receiver may be entitled to reclaim amounts paid to the Fund within one year of the filing for commencement of insolvency proceedings or thereafter. The laws of other non-U.S. jurisdictions in which the Fund may seek to invest may have rules similar to Germany's "equity substitution rules" discussed above or other unique rules (Spain, for example, has adopted an equitable subordination rule), and the consequences to the Fund with respect to such rules may be more or less severe.

The Fund generally does not intend to obtain political risk insurance. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the return from investments. Exchange control regulations, expropriation, confiscatory taxation, nationalization, restrictions on repatriation of capital, renunciation of foreign debt, political, economic or social instability, or other economic or political developments could adversely affect the assets of the Fund held in a particular country.

Cybersecurity Breaches and Identity Theft

Sterling's information and technology systems and those of companies on which the Fund relies and in which the Fund invests are, just as with other companies, vulnerable to potential damage or interruption from cyber-attacks (such as computer viruses, malicious software, infiltration or tampering by unauthorized persons, ransomware demands and denial of service attacks), security breaches (such as physical and electronic break-ins), network failures, computer and telecommunication failures, ransomware demands, denial of service attacks, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Sterling has implemented, and portfolio companies likely will have implemented, various measures designed to manage risks relating to these types of events, if important systems are compromised, become inoperable for extended periods of time or cease to function properly, it likely would be necessary for Sterling, the Fund and/or a portfolio company in which the Fund has an investment to make a significant investment to fix or replace them. The failure or inadequacy of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Sterling's, the Fund's and/or a portfolio company's operations and result in a failure to maintain capabilities essential to the Fund's operations and/or the security, confidentiality and privacy of proprietary or sensitive data and information processed and stored in, and transmitted through, Sterling's, the Fund's, any third party's on which the Fund relies or their downstream vendors' computer systems and networks, including Investors' personal information.

Such a failure could result in reputational harm to Sterling, the Fund and/or the affected portfolio company, result in loss of business, increased costs and/or regulatory penalties, subject any such entity and its affiliates to legal claims and otherwise affect its business and financial performance. If a significant number of Sterling's personnel were to be unavailable in the event of a disaster, Sterling's ability to effectively conduct the Fund's business could be severely compromised. In addition, there are increased risks relating to Sterling's reliance on its computer programs and systems if Sterling's personnel are required to work remotely for extended periods of time as a result of events such as an outbreak of infectious disease or other adverse public health developments or natural disasters, including an increased risk of cyber-attacks and unauthorized access to Sterling's computer systems.

Sterling's service providers are subject to similar electronic information security threats and may, in certain cases, be subject to greater threats or vulnerabilities. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the Fund, including information normally made available to Investors, may become inaccessible and personally identifiable information of the Investors may be lost or improperly accessed, used or disclosed. Notwithstanding the diligence that Sterling performs on its service providers, Sterling often is not in a position to verify the risks or reliability of their respective information technology systems.

The loss or improper access, use or disclosure of Sterling's or the Fund's proprietary information may cause Sterling or the Fund to suffer, among other things, financial loss, the disruption of their business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a negative effect on the Fund.

Artificial Intelligence and Machine Learning Risk

The emergence of recent technology developments in artificial intelligence and machine learning such as OpenAI and ChatGPT (collectively, "Machine Learning Technology") can pose risks to Sterling, investors, and the Fund investments. The Firm can be exposed to the risks of Machine Learning Technology from both such limited, known uses, as well as from any uses of Machine Learning Technology that may be undertaken by the Firm's personnel in contravention to Sterling's policies or by third-party service providers or portfolio investments of or any counterparties to the Funds whether or not known to the Firm. Use of Machine Learning Technology involves the risk of inaccuracies or errors in the data utilized by Machine Learning Technology, may directly or indirectly create security or data risks, and may increase trademark, licensing and copyright risks. Machine Learning Technology continues to develop rapidly and it is impossible to predict the future risks that may arise from such developments.

Litigation

In connection with ordinary course investing activities, Sterling, the Fund, the portfolio companies and their respective affiliates may become involved in litigation and other similar legal,

administrative and/or equitable proceedings. The acquisition, ownership and disposition of real property carries certain specific litigation risks. Litigation may be commenced with respect to a property or asset not acquired by the Fund in relation to activities that took place prior to the Fund's acquisition of such property or asset. In addition, at the time of disposition of an individual property or asset, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset, or alternatively that such potential buyer should be awarded due diligence expenses incurred or statutory damages for misrepresentation relating to disclosure made by the Fund, if such buyer is passed over in favor of another as part of the Fund's effort to maximize sale proceeds. Similarly, successful buyers may later sue the Fund under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems uncovered in due diligence. There can be no assurance that any litigation, once begun, would be resolved in favor of the Fund. Any such litigation could be prolonged and expensive. In addition, it is not unusual for participants in reorganizations to use the threat of, as well as actual, litigation as a negotiating technique. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Fund and would reduce net assets or could require Investors to return to the Fund distributed capital and earnings.

Armed Conflict, Terrorism and Catastrophes

Armed conflict, acts of terrorism and catastrophes could subject the Fund and any portfolio investments to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including, without limitation, hurricanes, earthquakes, and other natural disasters, terrorism, armed conflict, war, and other catastrophic events. These risks of loss can be substantial and could have a material adverse effect on supply and demand, goods and services, investor liquidity, consumer confidence and spending levels, and levels of economic activity. The consequences of such events could subject the Fund, portfolio investments, and Investor's interests therein to the risk of significant losses.

Public Health Risk and Global Health Events.

An epidemic outbreak and reactions to such an outbreak could cause uncertainty in markets and businesses, and could adversely affect the performance of the global economy, as a whole, as well as specific industries or asset classes, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. Sterling has policies and procedures to address known situations, but because a large epidemic may create significant market and business uncertainties and disruptions, not all events that could affect the Firm's business and/or the markets can be determined and addressed in advance. Any public health emergency, including without limitation, any outbreak of SARS, H1N1/09 flu, avian flu, coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on Sterling, the Fund and its portfolio companies and could adversely affect the Fund's ability to fulfill its investment objectives. The extent of the impact of any public health emergency on the Fund or its portfolio companies will depend on many factors, including the duration and scope of such public

health emergency, the extent of any related travel advisories and restrictions implemented, in addition to restrictions implemented to protect borrowers in the real estate and other industries, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and spending levels, and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In addition, health crises caused by a pandemic could exacerbate other pre-existing political, social, economic, market and financial risk. Public health emergencies have the potential to materially and adversely impact the value and performance of the Fund's investments, the Fund's ability to source, manage and divest investments, and the Fund's ability to achieve its investment objectives, all of which could result in significant losses to the Fund. In particular, a public health emergency may have a greater impact on leveraged assets.

Business Continuity and Disaster Recovery

Circumstances that have the potential to cause a significant business disruption, such as but not limited to, public health events and other natural disasters, could potentially hinder Sterling's, the Fund's and/or any portfolio company's ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance. Sterling enacted its Business Continuity Plan ("BCP") in response to the COVID-19 pandemic. The BCP was activated to ensure continuation of services to Firm clients and enhance the safety of its employees. The BCP was developed to provide protocols in such an emergency. These procedures are designed to limit disruption in services and maintain efficient and effective operations. As a result, Sterling has a defined plan and its controls and policies for continued operations have been effective. However, no previous success by Sterling, its investment professionals or their affiliates in operating during a significant business disruption or in dislocated markets is a guarantee of the Fund's success in respect of investing and managing any investment during and after a significant business disruption.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Sterling or the integrity of Sterling's management. Sterling has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Neither Sterling nor any of its affiliates are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither Sterling nor any of its affiliates are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

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

Sterling has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Sterling must acknowledge the terms of the Code of Ethics annually, or as amended. It is the express policy of Sterling that no person employed by Sterling shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, Sterling requires that anyone associated with its advisory practices with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to the Firm's CCO. Sterling requires such "access persons" to also receive approval from the CCO prior to investing in any initial public offerings or private placements. In addition, in an effort to prevent inappropriate securities transactions by Sterling's personnel, the CCO will maintain and make available a list of restricted securities. Access persons are strictly prohibited from trading on their own behalf in restricted securities without obtaining the prior written approval of the CCO.

Sterling requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. Any individual not in observance of the above may be subject to discipline or termination.

Sterling will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Conflicts of interest may arise due to the activities of Sterling and its personnel. These potential conflicts include, but are not limited to, the following: (i) personnel of Sterling may serve as directors of certain companies in which Sterling's clients have an interest, and, in that capacity, will be required to make decisions that consider the best interests of the portfolio company rather than the individual interests of the Sterling's clients; and (ii) personnel of the Sterling may serve in various other capacities and will devote such time to each of the Sterling's clients as the Sterling, in its sole discretion, deems necessary to carry out the operations of each client effectively.

Principal Transactions

Sterling manages real estate assets; therefore, generally does not enter into standard principal transactions.

Agency Cross Transactions

Sterling manages real estate assets; therefore, generally does not enter into standard agency cross transactions.

Item 12 – Brokerage Practices

In most circumstances, due to making direct real estate investments, Sterling does not utilize broker-dealers to effect portfolio investments. However, in circumstances where Sterling does need to utilize a broker-dealer, subject to the investment objectives, policies and restrictions of the Fund, as set forth in such Fund Offering Documents, Sterling will generally have discretionary authority to select the broker or dealer to be used to execute transactions on behalf of the Fund and negotiate the commission cost to be paid.

Sterling does not intend to engage in any formal soft dollar arrangements with respect to securities transactions for the Fund. Any research services and/or other products or services that are provided to Sterling by brokers or dealers may be used for the benefit of all clients of Sterling and do not necessarily benefit solely the Fund from which the commissions were generated. Sterling has no commitment or arrangement to provide any specific level of commissions or transactions with respect to any proprietary research received. The receipt of research and/or other products or services is not directly connected to the recommendation of brokerage services to the Fund, but does create a potential conflict of interest of which investors should be aware in assessing Sterling's choice of broker-dealers.

Item 13 – Review of Accounts

Reviews:

The investments made by the Fund will generally be long-term in nature. Accordingly, the review process will not be directed toward a short-term decision to purchase or sell securities. However, Sterling intends to monitor real estate transactions in which the Fund invests and will generally maintain an ongoing evaluation of such real estate transactions. Sterling's senior officers will conduct all reviews.

Reports:

Sterling intends to provide quarterly unaudited reports and annual audited reports to the Investors of the Fund. After the close of each taxable year, Investors will be furnished with tax information for

the preparation of their respective income tax returns. Investors are requested to refer to the Offering Documents of the Fund for further information on the reports provided.

Item 14 – Client Referrals and Other Compensation

Sterling does not currently compensate, either directly or indirectly, persons for client referrals or referrals of Investors in the Fund.

Item 15 – Custody

The General Partner of the Fund is a related person to Sterling. As the General Partner has access to the assets of the Fund, and provides certain managerial services to the Fund, the General Partner, and through it, Sterling, is deemed to have custody of the assets of the Funds. Therefore, in order to comply with Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”), Sterling complies with the pooled vehicle annual audit provision. Annually, upon completion of the annual audit of the Fund, Sterling shall seek to ensure that the audited financial statements are delivered to investors in the Fund within 120 days of its fiscal year end. The audited financial statements are to be prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles. Investors should carefully review these audited financial statements.

Item 16 – Investment Discretion

Subject to the investment objectives, policies and restrictions of the Fund, Sterling will have sole discretion to determine, without consent of the Investors, which investments will be bought or sold (and in what amount) by the Fund. The Offering Documents may, however, place certain restrictions on the type and amount of securities which Sterling can buy on behalf of the Fund.

Item 17 – Voting Client Securities

Due to the nature of real estate investments, Sterling generally does not vote proxies. However, should the Firm be in a position to vote proxies, as a registered investment adviser, Sterling is further required to describe its proxy voting policies and procedures and, upon the request of any client, to provide such person with (i) the actual policies and procedures and (ii) information about votes cast on behalf of the Fund managed by Sterling in which such person has made an investment. These policies and procedures: (i) address Sterling’s overall policy to vote client proxies in the best interest of the Investors in the Fund managed by Sterling and in a manner that maximizes the value of investments made by the Fund; (ii) identify the persons responsible for monitoring corporate actions, determining whether and how to vote proxies and submitting proxies and (iii) describe

Sterling's approach to addressing material conflicts of interest that may arise in connection with the consideration of a proxy. In general, proxies will be voted in consultation with the investment professionals that are responsible for the relevant portfolio investment. The investment professionals will vote proxies in a manner they believe to be consistent with the best interest of such clients and their investors. The investment professionals monitor potential conflicts by consulting with counsel and taking appropriate measures to mitigate any such conflicts. Records of proxy materials and votes are maintained in Sterling's office. Investors in the Fund can obtain a copy of the proxy voting policies and procedures or information on how the Sterling voted proxies for any Fund in which an investor has an investment by contacting the CCO.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Sterling's financial condition. Sterling has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.