

Square Mile Capital Management LLC

Part 2A of Form ADV

The Brochure

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

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

Item 2 - Material Changes

Effective July 1, 2017, Craig H. Solomon (“Mr. Solomon” or the “Chief Executive Officer”), formerly a Co-Managing Principal, became Chief Executive Officer of Square Mile Capital Management LLC (“SMCM”), Jeffrey B. Citrin (“Mr. Citrin”), formerly a Co-Managing Principal, became a Senior Advisor to SMCM and Vice Chairman of SMCM’s board of directors, and Leonard J. O’Donnell, the Chief Executive Officer of USAA Real Estate Company (“Realco”), became Non-Executive Chairman of SMCM’s board of directors. Accordingly, to the extent the titles of the individuals mentioned above are referenced throughout Part 2A of Form ADV, such titles have been revised to reflect their current titles. Item 13 has also been updated to reflect this change.

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

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Item 4 - Advisory Business

SMCM, founded in 2006, is jointly owned by Messrs. Solomon and Citrin and Realco.

SMCM serves as the sponsor of a number of real estate-related investment funds organized to make only real estate and real estate-related investments and also provides investment advisory services to one or more managed accounts (each, including related vehicles, referred to herein as a “Partnership” and collectively “Partnerships”). In providing services to each

Partnership, SMCM or a wholly-owned subsidiary thereof, including Square Mile Capital Management II LLC, Square Mile Capital Management III LLC, Square Mile Capital Management IV LLC, Square Mile Capital Management V LLC, Square Mile Capital Management Core Credit LLC, Square Mile Capital Management Credit II LLC, Square Mile Capital Management Tactical LLC, Square Mile Capital Management Tactical II LLC, Square Mile Capital Management KP LLC, Square Mile Capital Management Hospitality LLC, Square Mile Capital Management Hospitality B LLC, Square Mile Capital Management 1166 AOA LLC, Square Mile Capital Management (PRI) LLC and Square Mile Capital Management TTG LLC (collectively “Square Mile”), as applicable, and typically in the case of investment funds together with an affiliate of Square Mile that serves as a general partner or managing member of the respective Partnership (each, a “General Partner” and collectively “General Partners”), directs and manages the investment of each Partnership’s assets and provides periodic reports to investors in each Partnership. Square Mile also manages investment vehicles that facilitate co-investment in one or more portfolio entities of other Partnerships. In addition, the Partnerships hold interests through conduit vehicles and/or subsidiaries that usually serve as general partners or managing members of other vehicles or joint ventures. The General Partners typically act on behalf of the Partnerships that serve in such capacity and are usually able to approve or reject investment decisions.

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

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

As of December 31, 2017, Square Mile managed assets worth approximately \$2,924,141,481 on a discretionary basis and \$655,535,435 on a non-discretionary basis.

Item 5 - Fees and Compensation

In addition to Square Mile typically earning a management fee, the General Partners of certain Partnerships receive performance-based compensation in accordance with each such Partnership’s governing documents. Management fees may be payable quarterly in advance or in arrears. The management fee varies by Partnership and by investor (for example, the management fee may vary for certain investors in a Partnership based on the size of an

investor's capital commitment) and is based on invested capital and/or committed capital, as applicable. Square Mile may, however, charge reduced management fees or no management fee to the General Partners (and their direct or indirect members or affiliates) and/or certain investors in the Partnerships (including, without limitation, investors in co-investment vehicles). Furthermore, after the achievement of certain thresholds, the Partnerships are generally subject to performance-based compensation of up to 20% of profits on all distributions derived from current income and the disposition of investments or securities. The General Partners may, however, receive reduced performance-based compensation or no performance-based compensation from their direct or indirect members or affiliates and/or certain investors in the Partnerships (including, without limitation, investors in co-investment vehicles). Please see "Coinvestments" in Item 11 for additional information. In addition, certain Partnerships may pay Square Mile certain other fees including, but not limited to, acquisition, disposition and/or asset management fees paid quarterly in advance or in arrears, as set forth more fully in each such Partnership's governing documents.

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

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

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

In addition to any management fees and any performance-based compensation collected by Square Mile or the General Partners, investors in the Partnerships are subject to a variety of other fees and expenses payable to third parties or incurred internally by Square Mile, as more fully described in each Partnership's governing documents and/or private placement memorandum. Examples of fees and expenses that are paid by the Partnerships and indirectly borne by the investors include, but are not limited to, organizational expenses; fees, costs, taxes and expenses directly related to identifying, investigating, purchasing, holding, monitoring, disposing of, financing, hedging, developing, negotiating and structuring potential or actual investments (including, but not limited to, expenses related to attending trade association meetings, conferences or similar meetings for purposes of evaluating potential investment opportunities and advertising in trade publications for the purpose of generating potential investment opportunities and costs of advisers, consultants, engineers and other professionals and service providers and, in certain cases, actual compensation of in-house attorneys and of Square Mile employees who are seconded to portfolio entities); travel expenses (including private charter, first class and/or business class airfare, lodging, meals, ground transportation and other travel means); premium meals and entertainment events with deal counterparties and service providers; meals and transportation for Square Mile employees that work late or on weekends with respect to Partnership-related matters; political and/or charitable contributions made with respect to portfolio entities; expenses of liquidating the Partnerships and their assets; any brokerage commissions and custodial expenses; any insurance, indemnity (including advancement of any such fees, costs or expenses to persons entitled to such indemnification) or litigation expense involving the Partnerships or a portfolio entity and the amount of any judgments, fines, remediation or settlements paid in connection therewith; expenses associated with portfolio and risk management, including currency hedging and interest rate management; expenses incurred in connection with any tax audit or examination, investigation, settlement, review or other proceeding of the Partnerships; fees, costs and expenses associated with the Partnerships' administrative and reporting costs, including fees, costs and expenses of holding any annual or other informational meeting of one or more of the investors in a Partnership (including accommodation, meal, event, entertainment and other similar fees, costs and expenses) and any fees, costs and expenses in relation to calling capital from and making distributions to the investors in a Partnership, the administration of assets, financial planning and treasury activities, the representation of the Partnerships or investors in a Partnership by the "partnership representative" or the "tax matters partner" (as defined in the applicable Partnership's governing documents), the preparation and delivery of all financial statements, tax returns and Schedule K-1s (including any successors thereto), capital calls, distribution notices, other reports and notices and other required and requested information (including the cost of any third-party administrator), fees, costs and expenses incurred to audit such reports, provide access to such reports or information (including through a website or other portal) and any other operational, secretarial or postage expenses relating thereto or arising in connection with the distribution thereof and expenses associated with the Partnerships' information, technology, communication, research and reporting costs (including internally allocated charges); out-of-pocket expenses with respect to legal and regulatory compliance of the Partnerships and/or Square Mile with U.S. federal, state, local, non-U.S. or other law or regulation (including, for example, preparation and filing of regulatory filings of Square Mile and its affiliates relating to the applicable Partnership's activities, including reports to be filed with the U.S. Commodity Futures Trading Commission (if any) and reports, disclosures, filings and notifications prepared in accordance with the European Union Alternative Investment Fund Managers Directive), and any taxes, fees, or other governmental charges; expenses incurred in connection with complying with provisions in side letter agreements

entered into with investors in a Partnership (including the process of distributing and implementing applicable elections pursuant to any “most favored nations” provisions in side letters); and expenses of the investor advisory committee and its members and observers (including accommodation, meal, event, entertainment and other similar fees, costs and expenses in connection with any meetings of the advisory committee and the fees, costs and expenses of any legal counsel or other advisors retained by, or at the direction or for the benefit of, the advisory committee). In addition, the Partnerships are responsible for all fees and expenses due any legal (including, in certain cases actual compensation of in-house attorneys, so long as such fees and compensation are at arm’s length and at competitive market rates), financial, accounting, consulting or other advisors (including appraisers, valuation experts, tax advisors, fund administrators, loan servicers, debt and equity position servicers, asset managers, property managers and other professionals and service providers) or any lenders, investment banks and other financing sources and other costs and fees in connection with transactions that are not consummated, including broken deal expenses, reverse “break up” or similar fees and lost deposits. In order to calculate the costs of in-house counsel allocable to each Partnership, in-house attorneys submit timesheets showing hours worked on specific investments, and applicable funds reimburse accumulated in-house legal expenses based upon hourly rates. Such in-house counsel-related reimbursements are reported to the advisory boards or other committees of investor representatives for applicable Partnerships generally on an annual basis.

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

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

Realco and its affiliates engage in a broad spectrum of activities, including property and casualty insurance, life insurance, consumer banking, investment management and financial advisory activities, and have extensive investment activities, that are independent from, and may from time to time conflict with, activities of Square Mile and the Partnerships. In addition, Realco and its affiliates may provide services in the future beyond those currently provided. Please see “Service Providers” in Item 11 for additional information. The Partnerships will not receive a benefit from any fees received in connection with such services.

Moreover, Square Mile and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Partnerships that will not be subject to the management fee offset or otherwise shared with the Partnerships and/or their investors. For example, airline travel or hotel stays incurred as

Partnership expenses typically may result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to Square Mile and/or such personnel (and not the Partnerships and/or their investors) even though the cost of the underlying service is borne by the Partnerships.

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

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

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

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

Item 7 - Types of Clients

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

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

Certain Partnerships seek to achieve attractive risk-adjusted returns for their investors by searching out investments in distressed, mispriced, underperforming or out-of-favor real estate, real estate related assets or entities, as well as performing real estate-related debt. These Partnerships make investments across the capital structure and in various property types primarily located in the United States, and to a lesser extent in appropriate non-U.S. markets. Other Partnerships seek to achieve attractive risk-adjusted returns for their investors primarily by making investments in originated or purchased first mortgage and subordinated debt investments backed by high quality commercial real estate. Yet other

Partnerships are established to invest in a broad range of commercial real estate related investments including first mortgages, B-notes, mezzanine debt, B-Pieces, CMBS, equity, preferred equity, performing, nonperforming, subperforming instruments, and entities. The Partnerships often hold interests through conduit vehicles and/or subsidiaries and usually serve as general partners or managing members of these vehicles or joint ventures. The General Partners, acting on behalf of the Partnerships, act on behalf of such vehicles and joint ventures and are usually able to approve or reject investment decisions.

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

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

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

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

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

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

Investments Longer than Term. The Partnerships may make investments that may not be advantageously disposed of prior to the date that the Partnerships will be dissolved, either by expiration of the Partnerships' terms or otherwise. Although Square Mile expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the Partnerships may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Availability of Suitable Investments. Purchasers of the interests of a Partnership will generally not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by such Partnership and, accordingly, will be dependent upon the judgment and ability of the applicable General Partner and Square Mile in investing and managing the capital of such Partnership. The activity of identifying, completing and realizing attractive debt-oriented real estate investments has from time to time been highly competitive, and involves a high degree of uncertainty. The Partnerships will be competing for investments with many other real estate investment vehicles, as well as individuals and companies, REITs, open ended funds, closed ended funds, financial institutions (such as mortgage banks and pension funds), hedge funds and investment funds affiliated with other financial sponsors or institutional investors, private equity and debt investors, and credit vehicles. Further, over the past several years, many real estate investment funds, REITs and other vehicles have been formed for the purpose of investing in debt-oriented real estate investments and many such existing funds and vehicles have grown substantially in size and others have consolidated (resulting in larger funds and vehicles). As a result, an unprecedented amount of capital is available for debt-oriented real estate investments. Additional funds, REITs and other vehicles with similar investment

objectives may be formed in the future by other unrelated parties and further consolidation may occur. Consequently, it is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Partnerships and adversely affecting the terms upon which investments can be made. The Partnerships may incur negotiation, due diligence or other costs on investments which may not be consummated. As a result, the Partnerships may not recover all of their costs, which would adversely affect returns. There can be no assurance that real estate investments of the type in which the Partnerships may invest will continue to be available for the Partnerships' investment activities, that available investments will meet the Partnerships' investment criteria or that the Partnerships will be able to fully invest their committed capital. Further, to the extent suitable investments are available, there can be no assurance that if such investments are made, the objectives of the Partnerships will be achieved. Certain markets in which the Partnerships may invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns.

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

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

The profitability of a significant portion of each Partnership's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that Square Mile will be able to predict

accurately these price movements. With respect to the investment strategy utilized by the Partnerships, there is always some, and occasionally a significant, degree of market risk.

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

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

Cyber Security Breaches and Identity Theft. Square Mile’s and portfolio entities’ information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Square Mile has implemented, and portfolio entities will likely implement, various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to

function properly, Square Mile, the Partnerships and/or a portfolio entity may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Square Mile's, the Partnerships' and/or a portfolio entity's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Square Mile's, the Partnerships' and/or a portfolio entity's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

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

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

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

Compliance with such Implementing Regulations will impose certain restrictions on activities of certain Partnerships and could adversely affect their business and operations. For example, Square Mile (or its owners) could be required to reduce its funded and unfunded commitment to a Partnership (which could require a transfer of a significant portion of their direct or indirect interests in such Partnership). Also, to avoid having any of the Partnerships be treated as a commodity pool and therefore a covered fund, it may become necessary for Square Mile to restrict the use by the Partnerships of swaps and caps, including for the purpose of hedging interest rate exposure on variable rate financings. In addition, if there are adverse changes in law or regulation (or interpretations thereof) in connection with the application of the Volcker Rule to Square Mile and its business, Realco may be required to acquire the interests in Square Mile currently held by Messrs. Solomon and Citrin.

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

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

Legal, Tax and Regulatory Risks. The Partnerships must comply with various legal requirements, including those imposed by securities laws, tax laws and pension laws. Should any of such laws change over the scheduled term of the Partnerships, the legal requirements to which the Partnerships and the limited partners and General Partners may be subject could differ materially from the current requirements and adversely affect such limited partners and General Partners. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of

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

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

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

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

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

Item 9 - Disciplinary Information

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

Item 10 - Other Financial Industry Activities and Affiliations

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

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

- Square Mile GP III LLC
- Square Mile GP IV LLC
- Square Mile GP V LLC
- Square Mile Credit GP LLC
- Square Mile Credit GP II LLC
- Square Mile Core Credit GP LLC
- Square Mile Tactical GP LLC
- Square Mile Tactical GP II LLC
- Square Mile Factory Co-Invest GP LLC
- Square Mile DTLA Co-Investment GP LLC
- Square Mile Poultry GP LLC
- Square Mile Austin Hotel GP LLC
- Square Mile WL Portfolio Co-Investment GP LLC
- Square Mile Hospitality GP LLC
- SM Hospitality MM Member LLC
- Square Mile 1166 AOA GP LLC

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

Square Mile also provides administrative services through its affiliates to certain entities in which the Partnerships hold interests through conduit vehicles and/or subsidiaries. The fees for such services are determined on an arm's length basis and subject to terms that Square Mile has determined to be no less favorable to such entities than would be obtained in a transaction with an unaffiliated party. At times, Square Mile will negotiate and execute agreements between its affiliates and certain entities in which its Partnerships hold interests through conduit vehicles and/or subsidiaries, which could entail a conflict of interest in relation to efforts to enter into terms that are arm's length. Among the measures Square Mile uses to mitigate such conflicts is to involve outside counsel in reviewing and advising on such agreements and to provide insights regarding commercially reasonable terms. The fees for such administrative services will not be subject to the management fee offset.

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

It has been Square Mile's practice, dating back to its inception, to separately engage Real Estate Systems Implementation Group, LLC ("RESIG"), an independent consulting firm that provides fund administration services, and Imowitz Koenig & Co., LLP ("Imowitz"), a firm of certified public accountants that specializes in the real estate industry, to provide fund administration and tax services, respectively, with respect to Square Mile and each of the

Partnerships. Accounting and administrative services provided to the Partnerships by employees of RESIG or Imowitz are charged as Partnership expenses and indirectly borne by the investors therein. Neil Koenig, an employee of RESIG and Imowitz, is also an investor in Square Mile Partners LP and has a small investment in Square Mile Partners III LP, along with a carry allocation, which he is obligated to share with the other partners of RESIG and Imowitz. However, Square Mile does not consider Mr. Koenig's Partnership investments in determining whether to continue its relationship with him, RESIG or Imowitz. None of RESIG, Imowitz or Mr. Koenig is an affiliate of Square Mile or any of the Partnerships, and the fees paid by the Partnerships to RESIG and Imowitz therefore do not reduce the management fees payable by the Partnerships.

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

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

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

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

Further, if a related person makes a personal investment in a deal with a specific third party sponsor, such related person may be conflicted when evaluating other deals with the same third party sponsor for Partnerships managed by Square Mile, as investing Partnership assets in additional deals with the same sponsor may allow such related person access to future

personal investment opportunities with the sponsor that they would not otherwise be granted. In such cases, Square Mile would take appropriate steps to address potential conflicts of interest based on the specific facts and circumstances in accordance with the relevant governing documents of such Partnership.

Allocation of Investment Opportunities. Square Mile shall seek to allocate investment opportunities in a manner that it believes to be in the best interest of all Partnerships involved and shall seek to allocate investment opportunities in a manner believed to be appropriate and on an equitable basis and in accordance with each applicable Partnership's governing documents. Among the factors that can impact allocation and investment decisions across Partnerships are differing investment strategies and objectives, account restrictions, risk parameters, property-type and geographic diversification needs, cash flows, liquidity needs, tax considerations and other factors.

Coinvestments. In addition, from time to time, Square Mile may seek co-investment partners for the Partnerships, particularly with respect to relatively large transactions. Co-investment opportunities may, and typically will, be offered to some but not other investors, and certain persons other than investors (e.g., third parties) may be offered co-investment opportunities, including individuals or entities with which Square Mile's senior executives have longstanding relationships. All decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of Square Mile and the General Partners. For each such co-investment offer, the investment committee of the applicable Partnership will generally determine, in good faith, that the allocation between the applicable Partnership and any co-investment partner(s) is in the Partnership's best interest. As a general matter, Square Mile, in determining the allocation of discretionary co-investment opportunities to co-investment partners, generally expects to take into account various facts and circumstances deemed relevant by Square Mile, including among others, whether a potential co-investment partner has expressed interest in evaluating co-investment opportunities, whether a potential co-investment partner has a history of participating in co-investment opportunities with Square Mile, the size of the potential co-investment partner's interest to be held in the underlying asset(s) as a result of the applicable Partnership's investment (which may be based on the size of the potential investor's capital commitment and/or investment in the applicable Partnership), whether the potential co-investment partner has demonstrated a long-term and/or continuing commitment to the potential success of Square Mile, the applicable Partnership or other co-investment and/or other Partnerships, and such other factors that Square Mile deems relevant under the circumstances. In particular, Square Mile may agree with co-investment partners (including third party investors and investors in the applicable Partnership) to more favorable rights with respect to co-investment opportunities than the rights afforded the applicable Partnership with respect to the subject underlying transaction, and, to the extent any such arrangements are entered into, they may result in fewer co-investment opportunities being made available to other investors. Furthermore, in connection with any such co-investment by third-party co-investors, Square Mile may establish one or more investment vehicles managed or advised by Square Mile to facilitate such co-investors' investment alongside a Partnership. Square Mile will document such determinations, including its identification and evaluation of any relationships between Square Mile and/or its senior executives and the co-investment partner(s) that present a potential conflict of interest.

The allocation of co-investment opportunities may involve a benefit to Square Mile including, without limitation, fees or carried interest from the co-investment opportunity, and capital

commitments to the applicable Partnership, and such co-investment fees could create an incentive for the General Partner to pursue an investment, and structure the terms of the Partnership's investment in a manner, different than it otherwise would in the absence of such co-investment fees. The terms of any such co-investment will be negotiated by the applicable General Partner and the co-investment partner(s) on a case-by-case basis in their respective sole and absolute discretion. Strategic advisors, consultants, senior advisors and other similar professionals may co-invest alongside certain Partnerships. Management fees, carried interest or other similar fees received by Square Mile from co-investments will not offset management fees, carried interest or other similar fees paid by Partnerships to Square Mile. Also, certain co-investors may not pay any fees or carried interest in connection with the co-investment opportunity.

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

Other Investment Vehicles. The General Partners and Square Mile or their affiliates have managed and advised and will in the future manage and advise other investment vehicles, accounts and clients which may have objectives similar, in whole or in part, to those of an applicable Partnership. In particular, each General Partner, Square Mile and their affiliates reserve the right to raise and/or manage one or more other Partnerships for the benefit of a limited number of specific investors which, in each case, may employ investment strategies that are substantially the same as, or that overlap with, those of such applicable Partnership. A Partnership may co-invest with such other Partnership on a basis that the applicable General Partner believes in good faith to be fair and reasonable, including consideration of the deployment of remaining available capital of such applicable Partnership; provided, that any other Partnership that co-invests with such applicable Partnership in a completed investment will generally bear no less than its pro rata share (based on aggregate capital commitments) of all expenses related to such investment; provided, however, that the applicable General Partner may cause such expenses to be allocated on a different basis if it determines in its sole discretion that such other allocation is appropriate. Where an other Partnership participates alongside such applicable Partnership in an investment, Square Mile intends that such applicable Partnership and such other Partnership shall generally participate proportionately based on the aggregate capital commitments of such applicable Partnership relative to the portion of such other Partnership's capital that has been designated to be used in investments alongside the applicable Partnership, adjusted (as determined by the applicable General Partner) to take into account any non-participation with respect to one or more investments, relative borrowing capacities of the entities and other relevant factors.

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

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

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

Although the Chief Executive Officer manages the day-to-day operations of Square Mile and the Partnerships, Realco is entitled to representation on SMCM's board of directors, which establishes firm policies and strategies, and on the investment committee of certain Partnerships, each of which controls investment decisions of the related Partnership. In the

future, it is intended that Realco will purchase the remaining interests in Square Mile held by Messrs. Solomon and Citrin, which will have an attendant impact on Messrs. Solomon's and Citrin's control rights with respect to SMCM's board of directors, but such a transaction would not have an impact on the ownership of carried interest by the investment team. Moreover, the Chief Executive Officer is expected to continue to be responsible for the operations of Square Mile and the Partnerships, and is expected to remain a member of SMCM's board of directors and the investment committees of certain Partnerships, for so long as he remains affiliated with Square Mile and its affiliates.

No Assurance of Ability to Participate in Investment Opportunities. It is generally not expected that Realco or its affiliates will make high-yield debt, distressed or "opportunistic" real estate investments or sponsor, manage or advise investment vehicles with the same primary investment objective as the Partnerships, although USAA and its affiliates (other than Realco) are not so restricted. Realco and its affiliates may advise other investment vehicles, accounts and clients having objectives that could overlap in certain circumstances with those of the Partnerships, including other collective investment vehicles in which Realco may have an equity interest. The Partnerships will not have any rights to investment opportunities in relation to the rights of such other vehicles or accounts and there may be circumstances where investments that are consistent with the investment objectives of the Partnerships may be required or permitted to be made by or shared with such other investment vehicles, accounts or clients. The Partnerships will, in certain circumstances, co-invest with such other investment vehicles, accounts and clients on a basis that Square Mile believes in good faith to be fair and reasonable. Realco will be under no obligation to make any opportunity available to the Partnerships.

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

Side Letters. General Partners agree with certain investors in the Partnerships to waive or modify the application of certain provisions of the respective governing documents via a side letter without obtaining the consent of any other investor in such Partnership. Side letter terms include, without limitation, (i) excuse rights applicable to particular investments, (ii) reporting obligations of a General Partner, (iii) waiver of certain confidentiality obligations,

(iv) consent of a General Partner to certain transfers by such investor or other exercises by a General Partner of its discretionary authority under the applicable Partnership governing documents for the benefit of such investor, (v) restrictions on, or special rights of, such investor with respect to the activities of a General Partner, (vi) withdrawal rights due to legal, regulatory or policy matters, including matters related to political contributions, gifts and other such policies, (vii) other rights or terms necessary in light of particular legal, regulatory or public policy characteristics of an investor, (viii) additional obligations, and restrictions of a Partnership with respect to the structuring of any investment and (ix) certain adjustments with respect to certain economic provisions.

Joint Venture Partners; Strategic Relationships. Some of the third parties and joint venture partners with which a General Partner may elect to co-invest a Partnership's capital have pre-existing investments with Square Mile. The terms of these pre-existing investments may differ from the terms upon which a Partnership invests with such third parties and joint venture partners. To the extent a dispute arises between Square Mile and such third parties and partners, a Partnership's investments relating thereto may be affected. Square Mile has entered into and may in the future enter into strategic Partnerships or other multi-strategy or multi-asset class arrangements with investors that commit capital to a range of Square Mile's platform of products, investment ideas and asset classes. Such arrangements may include Square Mile granting certain preferential terms to such investors, including blended fee and carried interest rates that are lower than those applicable to other investors.

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

Advisors and Operating Partners. Square Mile has engaged and retained and will in the future engage and retain strategic advisors, consultants, senior advisors and other similar professionals who are not employees or affiliates of Square Mile and who will, from time to time, receive payments from, or allocations with respect to, portfolio entities (as well as from Square Mile or the Partnerships), and such persons may receive fees for services that

overlap with services provided by the General Partners and/or Square Mile. In such circumstances, such payments from, or allocations with respect to, portfolio entities and/or the Partnerships will not, even if they have the effect of reducing any retainers or minimum amounts otherwise payable by Square Mile, be deemed paid to or received by Square Mile and such amounts will not be subject to the offset provisions as described in the applicable governing documents. These consultants and/or other professionals may be offered the ability to co-invest alongside the Partnerships, including in those investments in which they are involved, or otherwise participate in equity plans for management of any such portfolio entity, or invest directly in the Partnerships subject to reduced or waived management fees and/or carried interest. The nature of the relationship with each of the consultants and/or other professionals and the amount of time devoted or required to be devoted by them may vary considerably. In certain cases, they may provide the General Partners and/or Square Mile with industry-specific insights and feedback on investment themes, assist in transaction due diligence and make introductions to and provide reference checks on management teams. In other cases, they may take on more extensive roles and serve as executives or directors on the boards of portfolio entities or contribute to the origination of new investment opportunities. In certain instances Square Mile may enter into formal arrangements with these consultants, management teams for operating platforms and/or other professionals (which may or may not be terminable upon notice by any party), and in other cases the relationships may be more informal. They may either be compensated (including pursuant to retainers and expense reimbursement) from Square Mile, the Partnerships and/or portfolio entities or otherwise uncompensated unless and until an engagement with a portfolio entity develops.

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

Item 12- Brokerage Practices

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

Item 13 - Review of Accounts

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

of certain Partnerships, each of which is responsible for all investment and disposition decisions of the related Partnership. Such investment committees utilize a consensus driven process requiring unanimity.

Square Mile provides each investor with unaudited quarterly financial reports of the applicable Partnership and audited financial statements annually. In addition, Square Mile holds an annual meeting for investors and provides each investor with a Schedule K-1 annually and a capital account statement quarterly.

Item 14 - Client Referrals and Other Compensation

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

Item 15 - Custody

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

Item 16 - Investment Discretion

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

Item 17 - Voting Client Securities

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

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

Item 18 - Financial Information

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