

Five Mile Capital Partners LLC



Form ADV Part 2A

Client Brochure

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This Brochure provides information about the qualifications and business practices of Five Mile Capital Partners LLC ("Five Mile"). Five Mile is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended. Recipients of this Brochure should be aware that registration with the SEC does not constitute an endorsement by the SEC of an investment adviser's skill or expertise.

If you have any questions about the contents of this Brochure, please contact us at (203) 905-0950. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Five Mile is also available on the SEC's website at www.adviserinfo.sec.gov

MATERIAL CHANGES

Five Mile Capital Partners LLC (“**we**” or “**us**” or “**our**” or “**Five Mile**”) is required to identify and discuss material changes made to this Brochure since our most recent Brochure dated March 31, 2015. There have been no material changes since the last update.

You may request a copy of our Brochure by contacting Annie Hsieh at 203-905-0953 or by e-mail at ahsieh@fivemilecapital.com

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ITEM 4 – ADVISORY BUSINESS

A. Description of the Firm

Five Mile Capital Partners LLC (“we” or “us” or “our” or “Five Mile”) was organized in February of 2003 as an alternative asset management company focused predominantly on fixed income and credit products for institutional clients and high net worth individuals. Our 25% and more owners are Steven P. Baum, Thomas A. Kendall and Konrad R. Kruger. Our management team maintains the majority stake in the company's business and controls investment, risk management and operational matters.

We specialize in investment opportunities in real estate, debt products, structured finance, asset-based lending and financial services private equity. Our principals have significant experience, knowledge and skills relevant to the financial services industry and believe the cyclical and dynamic nature of the sector continually provides a broad opportunity for investments across the capital structure.

We have organized and control the following entities which serve as the general partners to the Private Funds (as defined below)(collectively, the “Five Mile Managers”):

1. SCFFI GP LLC
2. FMCP II GP LLC
3. Five Mile Capital Investment Opportunities GP LLC
4. Five Mile Capital II CT Co-Investment GP LLC
5. Five Mile Capital II LOPO Co-Investment GP LLC
6. Five Mile Capital Residential Bridge Loan Venture GP LLC
7. Five Mile Capital Residential Bridge Loan Venture II GP LLC
8. Five Mile Capital Residential Bridge Loan Venture III GP LLC
9. Five Mile Capital Residential Bridge Loan Venture IV GP LLC

The Five Mile Managers are each registered as an investment adviser relying on Five Mile's investment adviser registration with the SEC pursuant to the SEC's Division of Investment Management staff guidance issued in a no-action letter dated January 18, 2012, in response to the American Bar Association's request for interpretive guidance. The Five Mile Managers intend to conduct their activities in accordance with the Investment Advisers Act of 1940, as amended, and the rules thereunder (the “**Advisers Act**”). Any employee of Five Mile, and any other person acting on the behalf of Five Mile or the Five Mile Managers, are and shall be subject to the supervision and control of Five Mile. The Five Mile Managers shall be included in all references to “we,” “us” or “Five Mile” herein.

B. Types of Advisory Services

Five Mile provides investment advisory services to private pooled investment vehicles (the “**Private Funds**”) and separately managed accounts (the “**Managed Accounts**”) (and together, “**Clients**”) on a discretionary and non-discretionary basis related to real estate, debt products,

structured finance, asset-based lending and private equity transactions. Generally, Managed Accounts may be structured for those investors that primarily invest in certain pools of residential mortgages. The investors in the Private Funds or the Managed Accounts may include, among others, foundations and endowments, public and private pensions, insurance companies, sovereign wealth funds, other pooled investment vehicles, banks, and high net worth individuals. A complete description of each Private Fund, including its operations and activities, management fees, incentive fees, minimum investment amounts and structure can be obtained from such Private Fund's offering documentation. Similar descriptions for the Managed Accounts are included in the investment management agreements that are negotiated with investors.

The Private Funds are not registered as investment companies under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**") and are, therefore, not subject to various provisions of the Investment Company Act. Shares or interests in the Private Funds are not registered for sale under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and are instead sold to qualified investors on a private placement basis. All U.S. investors in the Private Funds must qualify as accredited investors under the Securities Act and, for some Private Funds, "qualified purchasers" under Section 2(a) (51) (A) of the Investment Company Act.

We, from time to time, sponsor and manage investment vehicles on a transaction-by-transaction basis to allow certain persons to invest alongside one or more Private Funds in specific portfolio companies and other assets of the Private Funds (each such vehicle, a "**Co-Investment Fund**"). Co-Investment Funds are typically limited to investing in securities relating to the transaction or transactions with respect to which they were organized. As a general matter, any co-investment by a Co-Investment Fund will be on terms and conditions not more favorable than the terms and conditions of the investment by the applicable Private Fund.

We also sponsor and manage certain other entities which are "feeder" vehicles organized to invest exclusively in a Private Fund and/or special purpose vehicles that have been formed to facilitate portfolio investments by the Private Funds or their investors for tax, regulatory or economic purposes.

The services we or our affiliates provide to a Private Fund or Managed Account, in the capacity as the investment manager or general partner or otherwise, may include: organizing and managing the Private Fund's business affairs; acquiring, financing and disposing of investments; preparing financial statements; preparing tax-related schedules; and providing investor relations functions such as drafting, printing and distributing correspondence to investors and prospective investors. For certain services, Five Mile has hired a third party consultant to assist Five Mile in the disposition of certain assets or investments. Such services are not deemed as advisory functions.

We or our senior professionals typically invest our own capital in each investment theme pursued by the Private Funds, either through direct investments in a Private Fund or Co-Investment Fund or investment in the general partner of a Private Fund.

For a list of the Private Funds, please refer to Section 7.B. of Schedule D of Part 1 to Five Mile's Form ADV which is publicly available at www.adviserinfo.sec.gov. See Item 8 for more information with respect to the investment strategies of the Private Funds.

C. Client Tailored Services and Restrictions

We manage each Private Fund based on the investment objectives and investment restrictions set forth in the limited partnership agreement of such Private Fund (the "**Partnership Agreement**") and investment management agreement between us and the general partner (the "**Management Agreement**," and together with the Partnership Agreement of such Private Fund and the confidential private placement memorandum of such Private Fund, the "**Governing Documents**"). Such investment restrictions and/or guidelines are typically described in the Governing Documents for each Private Fund. Investors in the Private Fund cannot directly impose any investment restrictions or guidelines to the Private Fund. Five Mile may enter into side letters with certain investors in a Private Fund which impose further restrictions on our discretionary authority.

Prior to establishing a new Managed Account with a prospective investor, Five Mile will make a reasonable inquiry about the financial background and sophistication, investment experience, investment time frame, investment objectives, risk tolerance, liquidity constraints and tax situation and any other information disclosed by the prospective investor. As a fiduciary, Five Mile is required to act in the clients' best interest and manage portfolios that are consistent with the investor's investment objectives, guidelines and any investment restrictions that clients may wish to impose on the Managed Account.

D. Wrap Programs

We do not participate in wrap programs.

E. Assets Under Management

As of December 31, 2015, we managed \$ 1,748,800,000 of assets on a discretionary basis for the Private Funds and \$ 43,800,000 of assets on a non-discretionary basis for a Managed Account.

ITEM 5 - FEES AND COMPENSATION

A. Fee Schedule, Payment Method and Prepayment of Fees and Refunds

As investment adviser to each Private Fund, we typically receive an annual management fee equal to a percentage of the net assets or invested capital, as the case may be, and a performance fee or incentive allocation equal to a percentage of the Private Fund's net profits, which may be subject to a loss carry forward provision or clawback provision, as the case may be. All fees for the Private Funds are disclosed in the Governing Documents, which are provided to prospective investors.

We, in our discretion, may waive or reduce the management fee applicable to all or any of the investors in each Private Fund or agree with an investor to waive or alter the management fee as to that investor. Investors in a Private Fund may have different fee arrangements. We may from time to time enter into a side letter agreement with one or more investors in a Private Fund which may, among other terms, provide for reduced management fees or greater or more frequent transparency with respect to the Private Fund.

Management fees are payable monthly or quarterly in advance, as the case may be, and performance fees may be payable when earned. We may elect to defer payment of all or part of the management fee and/or performance fee. Management fees and performance fees are generally deducted from the applicable Private Fund assets.

Each Private Fund was organized with the intent that it be advised by us, and a related person serves as the general partner of each Private Fund. No general partner of any Private Fund intends to cause the Private Fund to terminate its advisory relationship with us absent our liquidation or bankruptcy. In addition, Private Fund investors generally are not permitted to withdraw from a Private Fund prior to its dissolution but may sell or transfer their interests subject to approval by the general partner. Private Fund investors individually have no right to terminate the Private Fund's advisory relationship with us.

We and/or our affiliates may be entitled to receive fees from actual or prospective portfolio investments of the Private Funds, including origination, directors', transaction, breakup, commitment, closing, and monitoring fees. Although these fees are in addition to management fees paid by the Private Funds, we and/or our affiliates will in certain circumstances reduce management fees in connection with the receipt of such fees.

For Managed Accounts offered, the annual management fee in general will be within a range of 1-2% of assets with a minimum account size of \$20 million. The fee will be payable on a quarterly basis in arrears. All fees and minimum account requirements are negotiable. Five Mile may charge incentive fees in certain Managed Accounts in accordance with the terms of the investment advisory agreement as well as federal securities laws.

Five Mile Managed Account investors will have the right to terminate the investment management agreement (subject to the provisions of the investment management agreement), and the investor must notify Five Mile in writing of their intention to terminate the Managed Account in accordance with the terms of the investment management agreement. Since Five Mile will bill management fees after the end of each quarter, the management fees for a shorter period will be pro-rated and the Managed Account investor will not bear more than its pro-rated portion of the management fees in the event the investor terminates the investment management agreement during any given quarter.

In addition to the foregoing fees, to the extent that we sponsor or manage any Co-Investment Fund, we may be entitled to earn certain fees from any Co-Investment Fund in connection therewith.

Investors should refer to the applicable Governing Documents for more details related to calculation and payment of fees for the Private Funds.

B. Other Fees and Expenses

The Private Fund assets are held in the custody of a bank, trust company, broker-dealer or other entity selected by us. The Private Fund will bear any custodial fees associated with such account. Any fees so incurred by the Private Fund will be in addition to the management fee payable to us. See Item 15.

The Governing Documents of each Private Fund provide a description of any additional fees and expenses for which such Private Fund may be responsible. Generally, each Private Fund will be responsible for all costs and expenses relating to the organization of such Private Fund and of maintaining the operations of such Private Fund and the investments paid by or on behalf of such Private Fund, including, without limitation, (i) legal, filing, auditing, consulting, administration, accounting and other professional fees and expenses; (ii) expenses associated with periodic reporting to the Private Funds; (iii) financial statements and tax returns; (iv) insurance, interest and other expenses incurred in respect of borrowings, if any; (v) other expenses associated with the acquisition, holding, monitoring, settlement and disposition of such Private Fund's investments (including, without limitation, any brokerage, custody or hedging costs); (vi) the costs and expenses of any custodians, lenders, investment banks and other financing sources; (vii) any indemnity expenses; and (viii) the costs and expenses of any litigation involving such Private Fund.

For Managed Accounts, Five Mile does not have the capability to custody assets on behalf of such Clients. Therefore, Managed Account investors will have to independently contract for the custodian's services, which will result in the incurrence of separate fees.

To the extent we or any affiliate receive any origination, disposition or exit fees in connection with the operation of or management of the assets of a Private Fund ("**Transaction Fees**"), such Transaction Fees will either be paid to the Private Fund or credited against the management fee

payable to us (in either case net of any related unreimbursed expenses incurred by us or any affiliate).

Any expenses common to one or more Private Funds or Managed Accounts generally are allocated among such entities on a basis reasonably believed to be equitable and fair by us in accordance with the Private Funds' Governing Documents, investment management agreements and/or our policies.

C. Sales Compensation

We are affiliated with Five Mile Capital Securities LLC ("**FMCS**"), a broker-dealer registered with the SEC and a member of FINRA. We have arrangements with FMCS whereby FMCS acts as placement agent for the Private Funds and receives fees. See Item 10. Certain of our employees who are registered representatives of FMCS receive sales-based compensation for marketing and selling interests in the Private Funds.

We do not execute securities transactions for the Private Funds through FMCS.

In addition, we may engage, or cause the Private Funds to engage, unaffiliated placement agents to market and sell interests or shares in the Private Funds to prospective investors. We require placement agents to have all appropriate licenses and registrations to conduct their business, including when applicable, to be registered as broker-dealers with the SEC and to be members of FINRA. The applicable Five Mile Manager may elect to reduce the management fee to the extent of any placement fees borne by the Private Fund.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

“Performance-Based Fees” are fees that are based on a share of the capital gains or capital appreciation of the assets of an account. We may receive performance fees from the Clients that we manage. See Item 5.A above. Fees based on performance will only be charged in accordance with the provisions of Rule 205-3 under the Advisers Act.

Performance-based compensation may create an incentive for us to cause a Client to make investments that are riskier than it would otherwise make. Performance-based fee arrangements may also create an incentive to favor those Clients with a higher carried interest percentage over other Clients in the devotion of time, resources and allocation of investment opportunities. Clients have investment periods and overall duration that are generally limited to prescribed time periods, subject to extensions as permitted under the Governing Documents, subject to investor approval and terms of the investment management agreements, where applicable. The prospect of continuing to earn additional income from a Client may also create an incentive for us to extend the investment period or duration of a Client in accordance with the Governing Documents or investment management agreements, where applicable.

To manage these potential conflicts, we have adopted: (i) our Code of Ethics (see Item 11) that includes a “Conflicts of Interest” policy that requires a review by members of our investment team, senior management, Chief Compliance Officer and, if needed, a Conflicts Committee, of proposed investments and sales and other business engagements for potential conflicts of interest prior to the transaction or activity; and (ii) allocation policies which seek to ensure that investment opportunities are allocated fairly among Clients and that all Clients are managed in accordance with their investment mandate. See Item 12. We do not consider fee structures in allocating investment opportunities.

In addition, generally, and except as may be otherwise set forth in the Governing Documents of a Private Fund, conflict is mitigated by provisions that restrict Five Mile principals from forming a new investment fund (other than co-investment vehicles and special purpose vehicles) having similar investment objectives until a certain percentage of a Private Fund’s commitments have been called, reserved or allocated for investment in portfolio companies or payment of Private Fund expenses.

ITEM 7 – TYPES OF CLIENTS

We provide discretionary advisory services to the Private Funds and non-discretionary advisory services to a Managed Account. Investment advice is provided directly to the Private Funds and not individually to the investors in the Private Funds. For Managed Accounts, investment advice is provided directly to the Managed Account investor.

We generally require investors in a Private Fund to make a minimum capital commitment to that Private Fund, although the amount of the minimum varies from fund to fund. The minimum investment requirements may be waived by us in our sole discretion. Investors that are U.S. persons must be “accredited investors” under Regulation D under the Securities Act of 1933, as amended, “qualified clients” under the Advisers Act who are eligible to enter into a performance fee arrangement, and, for some Private Funds, “qualified purchasers” under the Investment Company Act. Investors in a Managed Account structure generally require a minimum investment of \$20 million.

All potential investors must go through certain suitability and compliance procedures (including anti-money laundering procedures), prior to acceptance of any subscription from such investor for Private Funds or entering into an investment management agreement with an investor for a Managed Account. We require all investors to make representations concerning their financial sophistication and ability to bear the risk of loss of their entire investment.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analyses

Our investment strategy for our Clients is based on an asset level investment approach in the following areas: (i) asset level credit underwriting; (ii) securitization and structuring of asset pools; (iii) servicing/risk management; and (iv) operating models for real estate, consumer finance and other leveraged finance companies. By constantly surveying opportunities across asset categories as well as throughout the capital structure in an opportunistic fashion, the Management Team endeavors to optimize each Client's risk/return profile.

Target Complex Transactions

Assessing real estate related debt and other financial assets structures and achieving appropriate risk-adjusted returns requires careful asset level analysis. We maintain in-house resources to model and analyze the characteristics of the proposed investments, generate cash flow projections and conduct scenario and sensitivity analyses on these projections. Our team has developed a thorough due diligence, underwriting and investment review process, which enables us to analyze, underwrite and quickly close time-sensitive transactions.

Focus on Undervalued or Out-of-Favor Asset-Based Cash Flows

We target primarily debt and debt-like investment opportunities demonstrating strong current cash flow and/or the potential for value generation and capital appreciation.

Create Value through Structuring Techniques

We endeavor to enhance investment returns through the use of structured finance techniques, including securitization, asset repositioning and the transfer of risks to third parties, either directly or through the use of derivative instruments.

Actively Identify and Mitigate Risks

We attempt to mitigate the risks inherent in the investment strategy through: (i) complete and thorough due diligence, including not only credit and market driven factors but legal and sponsor due diligence; (ii) ongoing performance monitoring with a focus on the intended exit of an investment; and (iii) ongoing portfolio analysis of interest rates, leverage and other market driven risks.

Continually Evaluate Exit Options. Some investments contain intrinsic exit strategies through expected amortization of principal and contractual maturities. Stress analyses are performed on such assets to gauge potential refinancing risk at maturity. Additionally, return expectations are analyzed under various exit strategies, such as asset sales, foreclosures, work-outs and securitizations. In the case of a private equity or platform investment, the Management Team

continually monitors the performance metrics of such investments versus public and private market comparables in order to estimate potential value creation in the context of possible exits.

For our Clients that invest primarily in certain pools of residential mortgages, we conduct initial due diligence with respect to the portfolio of loans comprising any proposed investment. Our due diligence includes (i) financial analysis and projections, including a summary of the assumptions employed by us to develop same, and (ii) the diligence report and loan tape obtained by us. We perform regular on-going analysis of the investments and provide the investor with monthly reports showing loan activity and performance. As part of our due diligence of each portfolio of loans comprising a proposed investment, we engage a consultant to conduct a loan-by-loan review of each loan in such portfolio.

B. Investment Strategies

Investments in securities involve risk of loss that investors must be prepared to bear

The following is a summary of the principal investment strategies employed by us for our Private Funds. Principal investment strategies can also be employed, on a case by case basis, for Managed Account platforms. The material risks associated with each of these strategies is set forth in C. below. This is a summary only. Investors should look to the Governing Documents of each Private Fund for a more complete description of each strategy. Investors should not rely solely on the descriptions provided below.

1. *Five Mile Capital Structured Income Fund LP*—purchases, originates, finances, manages and disposes of investments in the following asset classes:

- real estate debt instruments
- other financial asset oriented debt instruments
- other asset-based investments

The investment period of Five Mile Capital Structured Income Fund LP has ended and, as such, Five Mile Capital Structured Income Fund LP is no longer permitted to make new investments.

2. *Five Mile Capital Partners II LP*—purchases, originates, finances, manages and disposes of investments in the following asset classes:

- real estate debt instruments
- other financial asset oriented debt instruments
- direct real estate equity
- financial asset-based companies

The investment period of Five Mile Capital Partners II LP has ended and, as such, Five Mile Capital Partners II LP is no longer permitted to make new investments.

3. Five Mile Capital Investment Opportunities LP—purchases, originates, finances, manages and disposes of investments in the following asset classes:

- commercial real estate debt instruments
- distressed commercial real estate debt instruments
- direct real estate equity

The investment period of Five Mile Capital Investment Opportunities LP has ended and, as such, Five Mile Capital Investment Opportunities LP is no longer permitted to make new investments.

4. Five Mile Capital II CT Co-Investment LP—purchases, originates, finances, manages and disposes of investments in the following asset classes:

- commercial real estate debt instruments
- other financial asset oriented debt instruments

The investment period of Five Mile Capital II CT Co-Investment I LP has ended and, as such, Five Mile Capital II CT Co-Investment I LP is no longer permitted to make new investments.

5. Five Mile Capital II LOPO Co-Investment LP—purchases, originates, finances, manages and disposes of investments in the following asset classes:

- direct commercial real estate equity

The investment period of Five Mile Capital II LOPO Co-Investment LP has ended and, as such, Five Mile Capital II LOPO Co-Investment LP is no longer permitted to make new investments.

6. Five Mile Capital Residential Bridge Loan Venture LP—purchases, manages and disposes of investments in the following asset classes:

- residential real estate debt instruments

The investment period of Five Mile Capital Residential Bridge Loan Venture LP has ended and, as such, Five Mile Capital Residential Bridge Loan Venture LP is no longer permitted to make new investments.

7. Five Mile Capital Residential Bridge Loan Venture II LP—purchases, manages and disposes of investments in the following asset classes:

- residential real estate debt instruments

The investment period of Five Mile Capital Residential Bridge Loan Venture II LP has ended and, as such, Five Mile Capital Residential Bridge Loan Venture II LP is no longer permitted to make new investments.

8. Five Mile Capital Residential Bridge Loan Venture III LP—purchases, manages and disposes of investments in the following asset classes:

- residential real estate debt instruments

The investment period of Five Mile Capital Residential Bridge Loan Venture III LP has ended and, as such, Five Mile Capital Residential Bridge Loan Venture III LP is no longer permitted to make new investments.

9. Five Mile Capital Residential Bridge Loan Venture IV LP—purchases, manages and disposes of investments in the following asset classes:

- residential real estate debt instruments

Five Mile Capital Residential Bridge Loan Venture IV LP is still permitted to make new investments.

10. FMJM RWL LLC—purchases, manages and disposes of investments in the following asset classes:

- residential real estate debt instruments

The investment period of FMJM RWL LLC has ended and, as such, FMJM RWL LLC is no longer permitted to make new investments.

11. FMJM RWL II LLC—purchases, manages and disposes of investments in the following asset classes:

- residential real estate debt instruments

The investment period of FMJM RWL II LLC has ended and, as such, FMJM RWL II LLC is no longer permitted to make new investments.

12. FMJM RWL III LLC—purchases, manages and disposes of investments in the following asset classes:

- residential real estate debt instruments

The investment period of FMJM RWL III LLC has ended and, as such, FMJM RWL III LLC is no longer permitted to make new investments.

Investment opportunities which are appropriate for more than one Client will be allocated by us according to our allocation policies as set forth in the Governing Documents of each Private Fund and investment management agreements for each Managed Account and as described further in Item 12.B below.

C. Material Risks

Investment risks specific to the investment strategy of each Private Fund are described in the Governing Documents of such Private Fund which also apply to the investment strategies for Managed Accounts, where applicable. Such risks may include (but are not limited to):

Investment Risk

Acquiring interests in a Private Fund or investing through a Managed Account is intended for sophisticated investors who can accept a high degree of risk in their portfolio, do not need regular current income from their investment with us and can accept a potential loss of their entire investment. A Client portfolio may lack diversification and liquidity, and its performance may be volatile, thereby increasing the risk of loss. In addition, the fees and expenses associated with the Private Fund or Managed Account may offset its profits.

General Market and Economic Conditions

The success of a Private Fund's or Managed Account's investments will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations).

High Risk Investments

The Client may pursue an opportunistic credit driven investment strategy targeting real estate and financial asset investments. This is done through (i) investing in, or originating, real estate and financial asset oriented debt instruments; (ii) purchasing pools of such assets; (iii) purchasing securities backed by such instruments; (iv) investing in platforms/companies that focus on originating, servicing or financing such assets; and (v) investing in direct real estate equity. Such assets generally carry below-investment grade credit ratings or lack credit ratings altogether. These assets and/or the loans underlying these types of assets may be in default or may have a greater than normal risk of future defaults, delinquencies, bankruptcies or fraud losses. There can be no assurance that the assets will perform, the borrowers will pay as expected, or, if defaulted, that the underlying assets will be able to be foreclosed upon and liquidated in a cost effective manner. In addition to the risks of borrower default, the Client will be subject to a variety of risks in connection with such debt instruments, including risks arising from mismanagement or a decline in the value of collateral, contested foreclosures, bankruptcy of the debtor, claims for lender liability, violations of usury laws and the imposition of common law or statutory restrictions on the Client's exercise of contractual remedies for defaults on such investments.

Future Investments Unspecified

The investors may not have an opportunity to evaluate for themselves the investments in which the Client's capital will be invested or the terms of these investments. The investors must

depend upon the ability of the general partner and the investment manager with respect to the selection, pricing and management of the investments made. Investments will be made over a substantial period of time and, accordingly, the real estate and debt markets, including interest rates, may change over time.

Non-Performing Loans

Loans acquired by the Client may thereafter become non-performing for a wide variety of reasons. Such non-performing loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loan. However, even if a restructuring were successfully accomplished, a risk exists that, upon maturity of such loan, replacement financing will not be available or that the borrower will not otherwise be able to repay the loan. It is possible that the general partner may find it necessary or desirable to foreclose on collateral securing one or more loans purchased by the Client. The foreclosure process will vary from jurisdiction to jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a residential mortgage loan, including lender liability claims and defenses, even when such assertions may have no basis in fact, in an effort to prolong the foreclosure action. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy or its equivalent, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation also tends to create a negative public image of the collateral property and may potentially negatively affect the public image of the Client.

Refinancing Market

The Client may utilize the refinancing of loans as an exit strategy. The ability of the Client to successfully utilize loan refinancings as an exit strategy will depend on a number of factors beyond the control of the Client such as market interest rates, mortgage spreads, underwriting standards, and investor appetite for residential mortgage securitizations. Should it become more difficult to facilitate mortgage refinancing as a result of such factors, such an event could have an adverse effect on the ability of the Client to realize its return and liquidity objectives.

Competition for Investment Opportunities

The current marketplace contains a number of investors that focus on the investments targeted by the Clients, creating a competitive environment for such investments. Furthermore, it is possible that new investors – which could include investment funds or other financial institutions – could compete for the Client's target investments. Competition for these investments, beyond that which is currently foreseen, could reduce or extinguish anticipated margins and expected returns.

Risks of Leverage

To the extent that a Client may employ leverage through asset specific financings such as repo and other collateralized borrowings in seeking returns, the amount of borrowings that the Client

may have outstanding and/or to which its investments may be subject, at any time, may be large in relation to its capital and available capital commitments. Although the use of leverage may enhance returns, it will also substantially increase the risk of loss. For example, under certain declining market conditions, the Client's lenders could make margin calls that require the Client to post additional cash or collateral as security for a loan, thereby resulting in significant impairment of value. Because many borrowings are cross-collateralized, it is likely that the Client could experience concurrent foreclosures of multiple financed assets, accompanied by attendant losses upon lender liquidations. The failure to maintain a debt-to-equity ratio at specified levels may result in additional borrowings being unavailable, cash being diverted to amortize principal of outstanding borrowings, additional equity contributions being required or the liquidation of the Client's investments in order to satisfy such limitations.

In connection with any financing obtained by the Client, the Client may be required to make certain representations and warranties to one or more lenders. The Client may also be required to indemnify the lenders pursuant to the terms of any financing in case any such representations and warranties are inaccurate. These arrangements may create contingent liabilities of the Client, for which the general partner or the investment manager may establish reserves or escrow accounts. The Client may also be unable to obtain financing, which would decrease the likelihood that the Client will obtain its targeted returns.

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 a Client's or potential Client's evaluation of the firm or the integrity of the firm's management in this item.

We have no legal or disciplinary events to report.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**A. Registration as a Broker-Dealer or Registered Representative**

Our affiliate FMCS is a registered broker-dealer. FMCS acts as placement agent for the Private Funds, for which it receives a placement agent fee. FMCS does not execute portfolio transactions for the Private Funds. Certain of our employees also provide services to and/or are registered as registered representatives with FMCS. In such capacity, subject to applicable law, they may receive sales-based compensation in connection with the sale of interests in the Private Funds. Such persons may face conflicts of interest in dedicating time and resources to the management of the Private Funds, which may have a detrimental effect on the performance of the Private Funds. We address this conflict of interest by providing in our Code of Ethics that all supervised persons have a duty to act in the best interests of each Private Fund.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Adviser or Associated Person

Neither we nor any management person is registered as a futures commission merchant, commodity pool operator, and commodity trading advisor or associated person of any such entities.

C. Material Relationships

We currently have certain relationships or arrangements with related persons that are material to our advisory business and the Clients.

Below is a discussion of such relationships/arrangements and certain conflicts that arise from them.

Broker-Dealer, Municipal Securities Dealer, or Government Securities Dealer or Broker

We are affiliated with FMCS, a registered broker-dealer. FMCS acts as placement agent for the Private Funds. See Item 5.

Investment Company or Other Pooled Investment Vehicle

FMCP and/or an affiliate act as adviser and/or general partner to the Private Funds.

Certain of the Private Funds have “key personnel” provisions in their Governing Documents which requires the Management Team members to devote substantially all of their business time to managing the assets and operations of the Private Funds and implementing the investment strategy of the Private Funds.

Other Investment Adviser or Financial Planner

As indicated in Item 4, we control the Five Mile Managers who are relying on our registration under the Advisers Act and are not registering themselves.

Certain inherent conflicts of interest arise from the fact that: (1) we provide investment management services to more than one Client, and (2) Clients may have one or more overlapping investment objectives and/or investment strategies and participation in specific investment opportunities may be appropriate for more than one Client. Participation in investment opportunities which are suitable for more than one Client will be allocated pursuant to our allocation policy and procedures (see Item 12.B).

Selection of Service Providers

Except as may otherwise be provided under the terms of a Private Fund's Governing Documents or a Managed Account's investment management agreements, we generally select Client service providers and determine the compensation of such providers without review by or the consent of an advisory board or other independent party for the Private Funds or the Managed Account. The Clients, regardless of the relationship of the person performing the services, bear the fees, costs and expenses related to such services. This may create an incentive for us to select an affiliated service provider or to select service providers based on the potential benefit to us, rather than to the Clients. For example, we may engage the same service provider to provide products or services to a Client that also provides products or services to a Five Mile Manager, which creates a potential conflict of interest to the extent the interests of such parties are not aligned. We may engage a service provider for a Client from which we or a related person or another Client may obtain or may have already obtained products or services. These relationships may incentivize us to recommend certain service providers presenting a conflict between our economic interest and our interest in maintaining such relationships and what is in the best interests of the Clients (e.g., using high quality or low quality service providers).

We address these conflicts of interest by using reasonable diligence to ascertain whether each service provider provides its service on a "best execution" basis, taking into account factors such as expertise, availability and quality of service and the competitiveness of compensation rates in comparison with other service providers satisfying our service provider selection criteria. In addition, in the event such service providers are affiliates of the Five Mile Managers (as opposed to third parties), the engagement of such providers must typically comply with the conditions applicable to affiliate transactions, if any, set forth in the Private Fund's Governing Documents where such fee rates could differ from Private Fund to Private Fund depending on the conditions as set forth in the Private Fund's Governing Documents and the investment management agreements for Managed Accounts. For example, transaction, management, construction, property and similar fees rates received by an affiliate of the General Partner for certain Private Funds could be required to be no greater than a fee that would be paid to a third party in an arms' length transaction. For other Clients, the fee rates could be higher or lower than what would be paid to a third party in an arms' length transaction, on a best execution basis as described in this paragraph. We have also implemented a "Conflicts of Interest" policy that

requires the review by members of our investment team, senior management, Chief Compliance Officer and, if needed, a Conflicts Committee, of proposed investments and sales and other business engagements including the hiring of service providers for potential conflicts of interest prior to the transaction or activity.

Business with Portfolio Companies and Investors

We invest on behalf of the Private Funds in various investment entities (“**Portfolio Companies**”). We have employed, engaged or recommended the services of a Portfolio Company owned by one Private Fund for another Private Fund or for a Portfolio Company held by another Private Fund. We may have a conflict of interest in making such recommendations or in using such Portfolio Company, as we have an incentive to recommend the Portfolio Company’s services even if another service provider is more qualified to provide the applicable services and/or can provide such services at a lesser cost. The Private Fund holding the service-providing Portfolio Company may also be advantaged. Such services and products are generally provided by the Portfolio Company at market rate but may be provided at a discount.

From time to time, we, our employees, affiliates and/or strategic partners receive discounted goods or services and/or other benefits from certain investment properties (or their related persons). Such discounts are similar to those provided to management or employees of the investment properties. For example, employees generally have received discounts from investment properties that are hotel properties. These discounts were not excessive and were subject to Five Mile’s gift policy. However, since certain of the Private Funds may have an investment with such investment properties, obtaining services and discounts presents a conflict of interest. For example, the receipt of such services, products and/or discounts from an investment property may influence Five Mile’s investment decisions presenting a conflict between our economic interest and what are in the best interests of the Private Funds.

We or our related persons have entered into joint venture partnerships with one or more investors. We or our related persons may from time to time utilize the services of one or more investors or their affiliates on an arm’s length basis, as the parties deem appropriate. Our employees, their related persons or immediate family members may maintain or have maintained outside business relationships with one or more investors, Portfolio Companies, investment property and/or the Private Funds. Such relationships may influence our investment decisions for the Private Funds which may present a conflict of interest between our economic interest and what is in the best interest of the Private Funds.

We address these conflicts through procedures set forth in our Code of Ethics and our Conflicts of Interest Policy.

ITEM 11 - CODE OF ETHICS

A. Code of Ethics

We recognize that the personal securities transactions of certain of our employees considered “Access Persons” under applicable regulations demand the application of a high code of ethics, and we require that all such transactions be carried out in a way that does not endanger the interest of any Client. At the same time, we believe that if investment goals are similar for the Clients and for such employees, it is logical and even desirable that there be common ownership of some securities or investments.

In order to address conflicts of interest, we have adopted a code of ethics (the “**Code**”) which is applicable to all of our supervised persons (“**Supervised Persons**”). The Code generally sets the standard of ethical and professional business conduct that requires Supervised Persons to comply with applicable federal securities laws and regulations and sets forth provisions regarding personal securities transactions by certain Supervised Persons deemed as “Access Persons,” i.e., those persons who have access to certain of Five Mile investment information and transactions, under applicable regulations. Five Mile treats all employees who are Supervised Persons as Access Persons. Additionally, the Code sets forth our policies and procedures with respect to material, non-public information and other confidential information and the fiduciary obligations that we and each of our Supervised Persons owes to each Client.

The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by Access Persons. Five Mile’s Access Persons must provide Five Mile’s Chief Compliance Officer with a list of their reportable personal accounts and an initial holdings report within 10 days of becoming an Access Person. In addition, Five Mile’s Access Persons must provide annual holdings reports and quarterly transactions in accordance with Rule 204A-1 of the Advisers Act.

The Code ensures the protection of non-public information about the activities of our Clients and the investors and has in place insider trading policies and procedures. Five Mile maintains a Restricted List that includes issuers about which any Supervised Person may have material non-public information. As a general matter, Access Persons are prohibited from trading in the securities of issuers that are included on Five Mile’s Restricted List (or any other securities to which the material non-public information relates) for either a personal account or for any Client.

The Code and other related Five Mile compliance policies and procedures also include other provisions to comply with the securities laws and to address conflicts of interests such as the following:

- Chief Compliance Officer pre-clearance of Access Person personal investments in initial public offerings, private placement transactions and securities in any sector in which any of the Clients may invest

- Supervised Person restrictions on gifts and entertainment
- Approval of Supervised Person outside business activities
- Restrictions on certain political contributions
- Policies and procedures intended to comply with the Global Anti-Corruption Laws and restrictions on political activities and contributions
- Conflicts of Interest policy that includes a review of proposed investments and sales for Clients and other business engagements for potential conflicts of interest and resolution.

Five Mile's compliance team periodically monitors Access Persons' personal account trading against the Restricted List and general compliance with the Code.

The Code is circulated at least annually to all Supervised Persons, and each Supervised Person at least annually must certify in writing that he or she has received and agreed to abide by the Code and any amendments thereto.

We will provide a copy of the Code to any existing or prospective client or investor on request.

B. Recommendations Involving Material Financial Interests

We may participate or have an interest in Client transactions as described below. We make all investment management decisions in the Client's best interests.

Principal and Agency Transactions

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from, or sells any security to, an advisory client. A principal transaction would occur if FMCP or FMCS bought securities for its own inventory from a Client or sold securities from its inventory to a Client.

Neither we nor FMCS engages in principal transactions with our Clients.

An "agency cross transaction" is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. An agency cross trade would occur if securities are purchased or sold between Client accounts through FMCS. We do not engage in agency cross transactions.

Cross Transactions

It is our policy not to engage in buying or selling of securities from one Client to another (typically referred to as a “cross trade”).

Investment in Funds

We or an affiliate will generally make an investment in the Private Funds. We or an affiliate may also purchase (and sell) interests of certain Private Funds, generally as a co-investment. We, our investment professionals, principals, and related persons may invest in the Private Funds or be granted interest in or phantom interests related to the Private Funds. We do not believe that these investments cause a conflict of interest between us and the Private Funds but rather function to better align the interests of the investors with our own interests since our own capital or an affiliate’s is being invested alongside the investors’ capital. By virtue of our capital investment in the Private Funds, we may be considered to participate, indirectly, in transactions effected for the Private Funds. The foregoing relationships, fees and any other actual or potential conflicts of interest arising therefrom are disclosed in the Private Fund’s Governing Documents. Any such investments are made in conformity with the Code which has procedures regarding the use of confidential information and personal investing.

Buying and Selling Securities That Are Recommended to Clients

We may buy for Clients securities of issuers in which another Client has made, or is making, a senior or subordinate investment, which may create conflicts of interest. For example, if one Client is invested in debt securities of an issuer and another Client is invested in equity securities of the same issuer, if the issuer experiences financial or operating challenges which impact the price of its securities, decisions relating to actions to be taken may raise conflicts of interest between these Clients. We may have Clients with different or competing investment objectives. As a result, we may take, on behalf of one Client, consistent with such Client’s investment objectives, a contrary investment position to that taken by another Client which position is consistent with such other Client’s investment objective.

C. Other Conflicts of Interests

Our Code of Ethics or compliance manual has policies and procedures to address the following additional conflicts of interest. While we do not believe that there are any conflicts that pose material risks to the Clients, we wish to note some additional potential conflicts that are inherent in our structure and activities. We also have included brief descriptions of the procedures we use to mitigate their effects.

Conflicts from Other Activities And Investments

We may engage in a broad spectrum of finance and investment activities that are independent from, and may from time to time conflict with, those of our Clients. In the future there may be instances where our interests conflict with the interests of our Clients and/or its investors.

Subject to the restrictions set forth in the Governing Documents or investment management agreements, we may engage in transactions with, provide services to, invest in, advise, sponsor and/or act as investment manager to Portfolio Companies, investment vehicles and other persons or entities that may have similar structures and investment objectives and policies to those of our Clients. These entities may compete with our Clients for investment opportunities. They may also co-invest with the Private Funds in certain transactions.

To address these conflicts of interest, we have adopted allocation policies (See Item 12) as well as a Conflicts of Interest Policy as described in Item 10.C. In addition, when necessary, information barriers have been established separating Five Mile employees in possession of any material, non-public information ("**MNPI**") and proprietary information that includes investment, portfolio and research information applicable to our Clients from those employees working in other Five Mile activities or other affiliated or outside businesses.

For example, certain Five Mile employees are also involved in providing certain services on behalf of MC-FMC Commercial Real Estate Finance Management LLC ("**MC-Five Mile**"), a joint venture company between Five Mile, through its wholly owned subsidiary FMC Commercial Real Estate Finance Management LLC ("**Five Mile CRE**"), and MC Asset Management Holdings, LLC ("**MCAMH**"), a Mitsubishi-affiliated company. Information barriers have been established to separate information flow and restrict access to sensitive Five Mile electronic files involving Five Mile employees, MC-Five Mile Related Persons and MCAMH employees. MCAMH employees, who are not deemed Five Mile Access Persons, are appointed to MC-Five Mile's Board and are also members of several committees including the Investment, Operating and Risk Committees of MC-Five Mile. MCAMH also provides certain financial and tax preparation services to MC-Five Mile.

Valuations

Our Clients may at times hold illiquid or difficult to value investments. We believe our valuation policies and procedures enable us to value Client assets fairly and in a manner that is consistent with the best interests of our Clients. We have the authority to determine the value of our investments which may be illiquid or difficult to value. Our judgments as to the value of investments in our Clients for the Private Funds are also subject to review and audit by the Private Funds' auditors.

Conflicts from Competing Interests

Our Clients may compete with each other for access to our resources, including investment opportunities. There may be conflicts of interest in allocating investment opportunities among the current and future Clients we manage. Subject to the terms of the Private Fund's Governing Documents, there are no restrictions on us from forming, sponsoring, owning and/or managing additional investment vehicles that have overlapping investment objectives or investment criteria. We are subject to our own allocation policies, which are subject to change in our discretion. We may devote more time, attention or resources to some of these potentially competing Clients than to others or present an opportunity to certain Clients that we do not or

cannot present to all. This could have a material adverse effect on a Client's ability to acquire assets, generate cash flow and income, and make distributions.

We may confront conflict concerns when allocating scarce investment opportunities, given the benefit to us of favoring Clients that pay a higher fee or generate more income for us. To address this conflict of interest, we have adopted allocation policies (See Item 12) as well as a Conflicts of Interests Policy as described in Item 10.C.

Performance-based compensation may create a conflict of interest, as it can create an incentive for us to make or recommend investments that are riskier or more speculative than would be the case in the absence of such compensation structure. Certain of our Supervised Persons may individually receive, as part of their compensation, carried interest payments or equivalent phantom interests, which are based on the performance of the relevant Client. To address this conflict of interest, we have adopted allocation policies (See Item 12) as well as a Conflicts of Interests Policy as described in Item 10.C.

ITEM 12 - BROKERAGE PRACTICES

A. Criteria for Selection of Broker-Dealers

In General—Brokerage Selection and Best Execution

As a general matter, Five Mile investments primarily involve real estate properties and residential or commercial pooled mortgages in private transactions that are not deemed as “securities” and are not executed on any public or private exchange. Five Mile recognizes that it has a duty to obtain “best execution” for any securities transactions made for Clients. If in the future Five Mile’s business involves direct trading of securities with brokers or dealers as part of the overall investment mandate, Five Mile’s portfolio managers will inform the Chief Compliance Officer who will monitor Five Mile’s brokerage policies and procedures as stated below.

Five Mile Clients may invest in security positions consisting of certain types of structured credit securities (e.g., RMBS). For the disposition of these securities, Five Mile will attempt to execute transactions at the best net price, considering all relevant circumstances and factors. While the selection of a broker or dealer to execute a transaction for the Clients often will be a function of the facts and circumstances surrounding a particular execution, Five Mile considers the following factors: (a) price quotes (including the applicable spread or commission); (b) the extent to which the broker-dealer makes a market in the securities involved or has access to such markets; (c) liquidity of the market for the security; and (d) the size, type and difficulty of the transaction. Five Mile will also maintain an approved broker list where a management team is responsible for approving broker-dealers, banks and other financial institutions for eligibility to effect the Client transactions and for reviewing broker-dealer trading volumes, prices, financial status and the overall quality of execution.

Research and Other Soft Dollar Benefits

Soft dollars refers to the practice of using a portion of the commissions generated when executing client transactions to acquire useful research and brokerage services from broker-dealers. Our policy is to not direct soft dollar credits to individual brokers or dealers on behalf of our Clients.

Brokerage for Client Referrals

We do not enter into agreements with, or make commitments to, any broker-dealer that would bind us to compensate that broker-dealer, directly or indirectly, for client referrals (or sale of fund interests) through the placement of brokerage transactions.

Directed Brokerage

We do not engage in directed brokerage transactions.

Trade Errors

Five Mile's approach to investments involves long-term due diligence and a limited number of investments. As a general matter, Five Mile does not anticipate that it will experience trade errors similar to those that would be more common at an investment adviser that engages in frequent trading of exchange-traded securities. Nevertheless, Five Mile is firmly committed to its due diligence process and recognizes that it has a fiduciary duty to ensure that a Client harmed by an error is put in the position it would have been in had no error occurred, but such a result cannot be guaranteed. Each situation requires a tailored response and will be dealt with on a case-by-case basis. The determination of whether a trade error is material (which justifies the expenditures of resources to correct any such error) is at the sole discretion of Five Mile.

B. Allocation of Investment Opportunities

Five Mile provides investment management services for a number of Clients within separate fund complexes and managed account structures primarily investing in long-term commercial and residential projects in private transactions. Five Mile does not invest on behalf of Clients on a frequent basis and generally does not open new Private Funds to investors until predecessor Private Funds have been closed for investments. Each Client generally has a separate and distinct investment focus and, as a result, typically the different Clients will not invest in the same investment opportunities, except perhaps for liquid securities when applicable. From time to time, it may be possible for limited investment opportunities to be appropriate for more than one Private Fund, Co-Investment Fund and/or Managed Account. Conflicts of interest may arise in connection with the allocation of limited investment opportunity in two separate contexts: allocation of limited investment opportunities among the different Clients and allocation of limited investment opportunities among Clients and Five Mile, its employees or control persons or their respective affiliates. As a fiduciary, Five Mile must allocate investment opportunities among Clients in a fair and equitable manner.

Five Mile Allocation Policy for Real Estate Properties

It is the responsibility of the Investment Committee to ensure the appropriate allocation of limited investment opportunities among more than one Private Fund and/or other Client investing in real estate properties. In general, if a limited investment opportunity is sought by more than one Private Fund and/or other Client, the Investment Committee will allocate such opportunity among the Private Funds and/or other Clients on the basis of each Private Fund's or other Clients relative assets (pro-rata) and subject to the investment guidelines of the Governing Documents for each Private Fund and/or other Clients. Five Mile may not be able to allocate an investment opportunity (or portion thereof) to a Private Fund and/or other Clients because of minimum investment restrictions or excessive costs and may make allocations based upon other considerations that are deemed fair and equitable. In these situations, Five Mile will determine which Private Funds and/or other Clients will participate in the allocation and Private Funds and/or other Clients without sufficient investment capital will not participate in the allocation.

Five Mile Allocation Policy for Residential Mortgage Pools and Bridge Loan Funds

It is the responsibility of Five Mile's investment committee to ensure the appropriate allocation of limited investment opportunities among more than one Private Fund and/or other Clients investing in the residential mortgage pool and bridge loan programs ("**Program**"). In general, if a limited investment opportunity is sought by more than one Private Fund and/or other Clients, the portfolio manager will allocate such opportunity among the Private Funds and/or other Clients subject to the allocation procedures, investment guidelines and terms of the Private Fund Governing Documents or investment advisory agreements for each Managed Account as agreed upon with all Clients who are eligible to receive an investment opportunity for the Program. Any material deviation and the reasons thereof will be evidenced in writing and/or amended to the existing investment advisory agreements for Managed Accounts or Private Fund Governing Documents and approved by the Chief Compliance Officer.

Reviews for Conflicts of Interests

In certain circumstances, Five Mile or its affiliates or control persons may wish to invest in an opportunity that may also be appropriate for a Client. Prior to approving any investment by Five Mile in such an opportunity, Five Mile will first ensure that either a) the Clients are not denied the ability to invest in the opportunity because of Five Mile's investment (capacity) or b) the Clients do not wish to invest in such an opportunity because of legitimate portfolio or investment reasons. Pursuant to Five Mile's Code of Ethics, certain employees of Five Mile are required to obtain pre-clearance of private securities transactions. Prior to approving any investment by such an employee in a security that is eligible for investment by a Client, the Chief Compliance Officer will determine that the Client is not denied the ability to invest in the opportunity because of the employee's investment (capacity) or b) the Clients do not wish to invest in such an opportunity because of legitimate portfolio or investment reasons.

We have also implemented a "Conflicts of Interest" policy that requires a review of Private Fund or other Client transactions and service providers for potential conflicts of interest. As part of this review, Five Mile's Chief Compliance Officer and/or the Conflicts Committee will review allocations of the investment opportunities between the Private Funds and/or other Clients when applicable and the terms of the Private Fund Governing Documents and/or investment advisory agreements prior to the transaction.

ITEM 13 – REVIEW OF ACCOUNTS**A. Reviews**

The Management Team monitors all Clients and their investments on an ongoing basis. The Management Team also is responsible for approving the acquisition by a Client of investments meeting established or negotiated investment guidelines. The Management Team meets, as needed, to review portfolio performance, portfolio diversification and investments.

B. Client Reports

Private Fund investors receive such reports as are provided for in the Private Fund's Governing Documents. Private Fund financial statements will be prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and will be distributed to investors after the end of each Private Fund's fiscal year. Managed Account investors receive such reports in accordance with the terms of the investment management agreements.

We, in our discretion, may provide more frequent reports and/or more detailed information to all or any of the investors in the Private Funds or Managed Accounts.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

A. Compensation by Non-Clients

To the extent we or any affiliate receive any origination, disposition or exit fees in connection with the operation of a Private Fund or its investments ("**Transaction Fees**"), such Transaction Fees will either be paid to the Private Fund or will be credited against the management fee payable to us (in either case net of any related unreimbursed expenses incurred by us or any affiliate).

We and/or our affiliates may be entitled to receive residual special servicing fees from the servicing of commercial mortgage loans underlying certain of the investments of the Clients.

B. Compensation for Client Referrals

From time to time, in accordance with applicable law, we may retain and compensate third parties for introducing new investment advisory clients or investors to us. The compensation to such parties generally represents a percentage of the management and incentive fees (if any) paid by the Client to us. Clients do not pay a higher fee than they would otherwise pay due to the solicitor's involvement in the introduction.

While not a client solicitation arrangement, we note that we may from time to time engage, or cause the Private Funds to engage, one or more persons, including FMCS, to act as a placement agent for a Private Fund in connection with the offer and sale of interests to certain prospective investors. We require placement agents to have all appropriate licenses and registrations to conduct their business, including when applicable, to be registered as broker-dealers with the SEC and to be members of FINRA.

ITEM 15 - CUSTODY

Generally, neither we nor our affiliates maintain physical possession of the funds or securities of any Client. Physical custody of the assets of a Private Fund will be maintained with a bank, trust company, broker-dealer or other qualified custodian (“**Qualified Custodian**”) selected by us in our exclusive discretion, which selection may change from time to time generally without the consent of investors in the Private Fund. Custody of assets with a Qualified Custodian for a Managed Account is selected and determined by the investor in accordance with the terms of the investment management agreement.

Although neither we nor our affiliates have physical possession or custody of the assets of any Private Fund, under Rule 206(4)-2 of the Advisers Act (the “**Custody Rule**”), we are deemed to have “constructive” custody of the assets of the Private Funds by virtue of our and our affiliates relationships with the Private Funds.

In order to comply with the Custody Rule, the Private Funds undergo an annual audit performed by an independent accounting firm registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB). The audited financial statements, prepared in accordance with GAAP, are distributed to all investors in each Private Fund within 120 days of the end of such fund’s fiscal year.

ITEM 16 – INVESTMENT DISCRETION

Subject to any investment restrictions set forth in the Governing Documents for a Private Fund and the investment management agreement for a Managed Account, we have discretionary authority, without the Client's consent, to buy and sell an investment and to make determinations including the total amount; the brokers, investment banks or placement agents chosen, if any; and the acquisition or sale price and associated fees at which investment transactions for a Client are effected.

Our discretionary authority is derived from our authority as the investment manager of each Private Fund and our authority pursuant to the Governing Documents, including the Management Agreement of each Private Fund and our authority pursuant to the investment management agreements of each Managed Account.

ITEM 17 - VOTING CLIENT SECURITIES

Five Mile typically does not invest in equity securities on behalf of Clients. However, from time to time, Five Mile may invest in equity securities that have voting rights attached to them and in such cases will have authority to vote proxies for the Clients. Five Mile has a responsibility to analyze the issues connected with shareholder votes, evaluate the probable impact on corporate operations and vote proxies in what it views to be the best interests of its Clients.

The Chief Compliance Officer with the assistance of other relevant personnel will determine whether Five Mile has a conflict of interest which would affect the proxies being voted. If a material conflict is found to exist, Five Mile will not vote the proxies, and the Chief Compliance Officer will determine whether the conflict of interest should be presented to the Conflicts Committee, should be referred to Clients, or should be addressed in another manner. However, given the lack of affiliations, it is expected that majority of all proxies will be voted by Five Mile. Five Mile will, for a period of at least five years, maintain or have ready access to the documents as required under Rule 206(4)-6 of the Advisers Act.

From time to time, Clients may hold securities that are involved in class action settlements. Five Mile's portfolio managers, as appropriate, shall review the terms of each class action settlement as applicable to holders of the security in question and shall exercise its fiduciary duty to the Client in determining whether or not to participate in such settlements. A written record of all such decisions shall be maintained in accordance with Five Mile's books and records policy.

ITEM 18 - FINANCIAL INFORMATION

We are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to our Clients.