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Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of Related Fund Management, LLC. If you have any questions about the contents of this brochure, please contact us at (212) 801-1000. 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 Related Fund Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 MATERIAL CHANGES

The most recent Part 2A of Form ADV of Related Fund Management, LLC (“*Related Fund Management*”) was dated February 14, 2012. The material changes since the most recent Part 2A consist of:

- Item 4: Updated: (1) disclosure regarding the principal owners of Related Fund Management; (2) information regarding the relationship between Related Fund Management, its private fund clients and various entities that serve as general partner or managing member of certain private fund clients; and (3) assets under management of Related Fund Management as of December 31, 2012.
- Item 5: Updated disclosure regarding the fees and expenses that a private fund client may bear relating to such client’s operation and administration.
- Item 8: Updated material risks, including relating to investments in publicly traded securities.
- Item 10: Updated: (1) the names of current private fund clients; (2) disclosure relating to the allocation of investment opportunities; and (3) information regarding fees for related services.

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ITEM 4 ADVISORY BUSINESS

A. Description of Advisory Firm and Principal Owner.

Related Fund Management is a Delaware limited liability company formed in April 2009 to provide real estate-related investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended, and whose securities are not registered under the Securities Act of 1933, as amended (collectively, the “*private fund clients*”). Related Fund Management is principally owned by The Related Companies, L.P., a New York limited partnership (“*Related*”). Through indirect ownership of Related, Stephen M. Ross is a principal owner of Related Fund Management.¹

Related was founded by Mr. Ross in 1972 as Related Housing Companies. Related is a fully integrated, highly diversified real estate industry leader with expertise in real estate development, acquisitions, management, finance and sales.

Related Fund Management was formed by Related for the purpose of providing real estate-related investment advisory services to its private fund clients across a range of types of real estate asset investments, including equity, debt and mezzanine debt. Related Fund Management is managed by a five-member team of senior professionals. The team members average 24 years of relevant experience and 13 years of experience working at Related.

While this brochure may be provided to, and include information relevant to, investors in private fund clients, this brochure is designed solely to provide information about Related Fund Management and should not be considered to be an offer or a solicitation of an offer of interests in any private fund client.

B. Advisory Services Offered.

Related Fund Management provides investment advisory services to its private fund clients, which invest in various real estate and real estate-related assets. Such services typically include, as applicable:

- sourcing, investigating, structuring and negotiating potential investments;
- acquiring (and in the case of investments in certain construction loans, originating) investments on behalf of the private fund clients;
- monitoring, developing, rehabilitating, managing and/or operating investments post-acquisition, including in some case in collaboration with or through unaffiliated third parties;

¹ Ownership interest in Related held through SMR Funding, LP, Related Investco LLC, Related Mezz M LLC and Related Management Holdco LLC.

- reporting to the private fund clients on the performance of their investments;
- providing day-to-day managerial and administrative services to the private fund clients; and
- advising with respect to the timing and terms of disposition opportunities (including refinancing opportunities).

In pursuit of each private fund client's investment objective, Related Fund Management uses a value-oriented combination of opportunistic acquisition philosophies with value enhancement programs. Related Fund Management's advice is generally limited to real estate and real-estate related investments, although it may provide advice with respect to certain other types of investments and transactions in various circumstances, including financing transactions and short-term liquid investments.

Related Fund Management serves as the investment adviser, manager or managing member of each of the private fund clients. Various limited partnerships or limited liability companies serve as the general partner or managing member (each, a "*Management Entity*") of certain private fund clients. Related Fund Management (or an affiliate it controls) is the general partner or managing member of each such Management Entity. The Management Entities are subject to Related Fund Management's regulatory oversight and its Code of Ethics, together with its other compliance policies and procedures as adopted by Related Fund Management. References in this brochure to Related Fund Management may include, as the context requires, the Management Entities through which it provides investment advisory services, such as entities that serve as general partners, managing members or managers to certain private fund clients.

C. Individually Tailored Advisory Services.

As a general matter, the advisory services provided by Related Fund Management to private fund clients are tailored to the investment objectives, strategies and guidelines set forth in the governing documents of such private fund clients. The advisory services are not tailored to the individual needs of any particular investor in a private fund client. However, depending on various factors, Related Fund Management or the Management Entities may enter into agreements, commonly referred to as "side letters", with investors that may waive or modify certain terms applicable to their investment in a private fund client, or provide certain rights in addition to those provided in the governing documents of the private fund clients.

D. Wrap Fee Programs.

Related Fund Management does not participate in wrap fee programs.

E. Assets Under Management.

As of December 31, 2012, Related Fund Management managed approximately \$1,573,700,000² of private fund client assets, all of which is managed on a discretionary basis.

The total private fund client assets under management include gross real estate assets, real estate-related assets, securities, cash, uncalled capital commitment amounts, accounts receivable, security deposits, prepaid assets, short term investments and other assets. Assets under management for private fund clients with investments in joint ventures are adjusted to reflect the total gross assets within the joint venture multiplied by such client's direct or indirect ownership percentage.

ITEM 5 FEES AND COMPENSATION

A. Description of Compensation.

Related Fund Management charges investment advisory fees ("*Management Fees*") to its private fund clients in consideration for its investment advisory services. Such fees are payable quarterly or semiannually in advance or in arrears, depending on the private fund client, and are generally paid after the date payable. Such fees are generally based on a percentage of assets actively invested by the private fund client or the capital committed to the private fund client, and may vary based on the stage of investment of the Fund. The amounts of and the terms applicable to such fees may vary by private fund client and are set forth in the governing documents of each private fund client. Any such fees paid by the private fund clients are indirectly borne by the investors in the private fund clients.

Related Fund Management or a Management Entity is entitled to receive distributions of investment proceeds from certain of the private fund clients based on a percentage of the return on the invested capital of such clients, generally subject to certain conditions set forth in the governing documents of such clients such as the prior return of capital to investors in such clients and/or prior payment to investors in such clients of a certain rate of return on invested capital. Such distributions are referred to as "*Carried Interest*". For an additional discussion regarding performance-based compensation, please refer to *Item 6 – Performance-Based Fees and Side-by-Side Management*.

Related Fund Management or the Management Entities generally may waive the Management Fees and/or Carried Interest attributable to any Investor.

In addition, affiliates of Related Fund Management may receive additional compensation as discussed under *Item 5(C) – Fees and Compensation—Other Fees and Expenses*.

² Includes the assets of a private fund client established after December 31, 2012.

B. Deduction of Fees.

Management Fees are deducted from the assets of the applicable private fund clients and are generally payable out of current cash flow or disposition proceeds, or from drawdowns of the unfunded capital commitments of the investors in such clients. Carried Interest amounts are distributed by the applicable private fund clients out of investment proceeds that are available for distribution. Investors in the private fund clients are not separately billed for services.

C. Other Fees and Expenses.

Each private fund client generally bears all offering and organizational expenses (other than placement agent fees) incurred in connection with the organization of such client and related entities and the offering of interests therein up to an amount set forth in such client's governing documents.

Each private fund client generally bears all fees, costs and expenses related to such client's operation and administration, which may include:

- any fees, costs and expenses directly related to the purchase and sale of investments (including all out-of-pocket costs and expenses incurred in connection with prospective investments that are not consummated);
- any fees, costs and expenses directly related to the operation, improvement, leasing, development, redevelopment and renovation of real estate assets;
- costs and expenses related to environmental, property management, engineering and appraisal services, insurance premiums, leasing commissions, loan servicing fees and information services;
- principal, interest and other amounts payable in respect of permitted borrowings;
- custody fees and costs of other third party services, costs of performance calculation services, legal, accounting, administrative and other professional costs (including in some cases any salary and other costs of internal accounting and insurance personnel of Related Fund Management and its affiliates that are allocable to such client);
- any indemnity or litigation expenses;
- all costs of such client's administration, including preparation of its financial statements and reports to investors in such client, client regulatory expenses, client information services expenses, costs of meetings, expenses relating to the investor committees, if any, including out-of-pocket expenses of its members; and
- any taxes, fees or other governmental charges levied against such client.

Related Fund Management and/or its affiliates may also perform certain services with respect to real estate investments by the private fund clients or portfolio entities through which they invest, including property management, real estate brokerage, loan servicing, leasing,

development, physical security and construction management, other real estate-related services and immigration-related services, and may be entitled to receive compensation from the private fund clients and/or portfolio entities in consideration for such services. Related Fund Management and/or its affiliates or employees may receive transaction, monitoring, consulting, break-up and other similar fees in connection with investments made by the private fund clients. All or a portion of such fees may be applied to reduce the investment advisory fees paid by the private fund clients to Related Fund Management, as set forth in the governing documents of the private fund clients.

Other fees and expenses, including marketing-related costs, may be charged to a private fund client if provided for in the client's governing documents.

Although Related Fund Management does not generally use the services of broker-dealers, in the event it chooses to use a broker-dealer in connection with an investment by a private fund client, such client will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please refer to *Item 12 – Brokerage Practices*.

The description of fees and expenses above is not intended to be exhaustive; prospective and existing investors in the private fund clients are advised to review the applicable private fund clients' offering documents and organizational documents for a more extensive description of the fees and expenses associated with an investment in such private fund clients.

D. Payment of Fees in Advance.

In the event that a private fund client's investment advisory agreement with Related Fund Management terminates during a period for which investment advisory fees have been paid in advance, Related Fund Management would, depending on the private fund client, either retain the advance payment or *pro rate* such fee and reimburse or return the portion of such fee covering the remainder of the period. Any such reimbursement would be made in accordance with the governing documents of the private fund clients.

E. Additional Compensation and Conflicts of Interest.

None of Related Fund Management, its affiliates, or any of their supervised persons accepts compensation for the sale of securities or other investment products.

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

As described in *Item 5 – Fees and Compensation*, Related Fund Management and the Management Entities are generally eligible to receive Carried Interest with respect to the private fund clients. Performance-based compensation is calculated based upon a percentage of a private fund client's return on invested capital across its entire portfolio, generally subject to certain conditions set forth in the governing documents of such clients such as the prior return of capital to Investors and/or prior payment to investors in such client of a certain rate of return on invested capital. Certain supervised persons of Related Fund Management, as direct or indirect equity owners of Related Fund Management or the Management Entities, will be eligible to receive distributions attributable to Related Fund Management's or such Management Entities' receipt of performance-based compensation.

The terms applicable to the performance-based compensation vary between private fund clients. Accordingly, Related Fund Management, the Management Entities and the supervised persons may have differing compensatory interests with respect to different private fund clients. However, Related Fund Management's fiduciary obligations to act in the best interest of its clients as well as its contractual obligations to such clients obligate Related Fund Management to meet certain professional standards of care and mitigate potential conflicts of interest that may exist with respect to the allocation of time and resources between the private fund clients.

The existence of a Carried Interest may also create an incentive for Related Fund Management or the Management Entities to make more speculative investments on behalf of the private client funds than they would otherwise make in the absence of such performance-based compensation. However, Related Fund Management believes that this risk is mitigated to some extent because the Carried Interest attributable to each private fund client is based on the success of such client as a whole and not any single investment made by such client. In addition, Related Fund Management's management and other personnel have made significant personal capital commitments directly or indirectly to the private fund clients, which Related Fund Management believes should reduce any incentive to make more speculative investments. Related Fund Management and applicable Management Entity also manage each private fund client in accordance with the investment strategy disclosed in the client's offering materials to help ensure that investors are aware of the investment strategy and the risks associated with the strategy.

ITEM 7 TYPES OF CLIENTS

Related Fund Management provides investment advisory services to the private fund clients. The private fund clients are investment entities formed under domestic or foreign laws and exempt from the U.S. Investment company Act of 1940, as amended. Investment advice is not provided directly to any investor in the private fund clients.

The investors in the private fund clients may include individuals, pension and profit-sharing plans, sovereign bodies, trusts, charitable organizations, other investment entities or business entities, and may include, directly or indirectly, principals or other employees of Related Fund Management and its affiliates.

Certain of the private fund clients require a minimum investment, which is set forth in the clients' governing documents. The Management Entity of each private fund client, in its sole discretion, may accept investments that are less than the required minimum investment set forth in the applicable governing documents.

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

Related Fund Management provides investment advisory services to the private fund clients. In evaluating potential investments, Related Fund Management conducts extensive due diligence, analyzing, as applicable,

- the value of the underlying real estate or real estate related-asset, including cash flow, performance history and projected future performance;

- characteristics of the geographic market in which the real estate or real estate-related asset is located;
- opportunities for leveraging Related's operating platform and experience in the development, construction, acquisition, financing and management of real estate assets;
- potential regulatory, tax, legal and accounting contingencies, together with a team of experienced outside professionals; and
- disposition strategies, including sale or refinancing of the underlying real estate or real estate-related asset.

Related Fund Management is managed by a five-member team of professionals with extensive experience in real estate and related industries who assist in the sourcing of investment opportunities, the due diligence of potential investments and the ongoing management and development of portfolio assets.

An investment in a private fund client involves a high degree of risk. The private fund clients may lose all or a substantial portion of the value of their investments. Prospective and existing investors in a private fund client should be prepared to bear the risk of loss and should review the offering materials and other constituent documents for full details about the applicable private fund's investment, operational and other actual and potential risks.

Material risks relating to the private fund clients' investments include:

- *No Assurance of Investment Return.* Related Fund Management may not be able to execute a private fund client's investment objectives or generate returns to the investors in the private fund client commensurate with the risks of investing in the types of transactions targeted by the private fund. An investment in a private fund client should only be considered by persons who can afford a loss of their entire investment.
- *Reliance on Key Personnel.* The success of the private funds depends significantly upon the skill and expertise of Related Fund Management's investment professionals. Such professionals may not continue to be associated with Related Fund Management or its affiliates throughout the term of the private fund client, and any departure or resignation of any key professionals could have an adverse impact on the performance of the private fund.
- *Risks of Real Estate Value.* Real estate historically has experienced significant fluctuations and cycles in value. The marketability and value of the private fund clients' real estate assets will depend on many factors, including: (i) changes in general or local economic conditions; (ii) changes in the supply of, or the demand for, competing properties in a geographic area; (iii) changes in interest rates; (iv) the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and occupational safety; (v)

- unavailability of mortgage funds that may render the sale of a property difficult; (vi) the financial condition of tenants, buyers and sellers of properties; (vii) changes in real estate tax rates and other operating expenses; (viii) energy costs and energy supply shortages; (ix) various uninsured or uninsurable risks; (x) acts of God and natural disasters; and (xi) political developments.
- *Liabilities Associated with Property Acquisitions.* A private fund client may buy distressed real estate assets or interests in entities owning such assets. These acquisitions are subject to many risks. A private fund client may acquire properties that are subject to liabilities or that have problems relating to environmental condition, state of title, physical condition or compliance with zoning laws, building codes or other legal requirements. In each case, the private fund client's acquisition of a real estate property may be without any recourse, or with only limited recourse, with respect to unknown liabilities or conditions. As a result, if any liability were asserted against the private fund client, or if any adverse condition existed with respect to the properties, the private fund client might have to pay substantial sums to settle or cure it.
 - *Construction and Development Risk.* A private fund client may own direct or indirect interests in properties that require development, renovation and deferred maintenance. Real estate development involves the risk that work may not be completed within budget or on schedule because of cost overruns, work stoppages, shortages of building materials, the inability of contractors to perform their obligations under construction contracts, defects in plans and specifications or in construction, adverse weather or other factors. Any delay in completing a project may result in increased interest and construction costs, the potential loss of purchasers or tenants and the possibility of defaults under project financings.
 - *Risks of Leverage.* Certain investments of the private fund clients may be subject to leverage. Leveraged investments are subject to increased exposure to adverse economic factors, such as a significant rise in interest rates or a severe downturn in the economy. Any leverage provided results in interest expense and other costs incurred in connection with such borrowings, which may not be covered by available cash-flow. While leverage may enhance the total return to investors, if investment results fail to cover borrowing costs, returns to the Investors will be lower than if there had been no borrowings.
 - *Illiquid Investments.* Investments in real estate and real estate-related assets and securities may be highly illiquid. Accordingly, there can be no assurance that the private funds will be able to realize investments (in whole or in part) in a timely manner or at all. In some cases, the ability to dispose of investments may be hampered by the need to obtain governmental approvals or authorizations.
 - *Distressed Pricing.* The investment strategies of certain private fund clients are partially based upon the premise that real estate businesses and assets will be available for purchase by the private fund client at prices that Related Fund Management and/or the private fund's Management Entity consider favorable.

Further, the strategies of certain private fund clients rely in part upon favorable market conditions existing prior to the expiration of the term of the private fund client. No assurance can be given that the private fund clients will be able to acquire investments at favorable prices, that the market for such assets will improve or that such assets can be disposed of during favorable market conditions.

- *Investments in Troubled Assets.* A private fund client may make substantial investments in non-performing or other troubled assets that involve a greater degree of financial risk than other types of investments. In addition to the risks of borrower default, a private fund client may be subject to a variety of risks in connection with such investments, including the risks of mismanagement or a decline in 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 private fund client's exercise of contractual remedies for defaults on such investments.
- *Joint Venture and Tenancy in Common Risk.* A private fund client may make certain of its investments through a joint venture or tenancy in common arrangement. Such private fund client may share control or have limited control over these entities and, therefore, may have only a limited ability to protect its interests in such investments. Investment through a joint venture or tenancy in common may, under certain circumstances, involve risks that would not otherwise be present. For example, a co-venturer or tenant-in-common may experience financial difficulties and may at any time have economic or business interests or goals that are inconsistent with the economic or business interests of a co-venturer or tenant-in-common. In addition, actions by, or litigation involving, a tenant-in-common might subject a property owned through a tenancy in common to liabilities, which may adversely affect a private fund client's investment in such property.
- *Government Regulated Co-Venturer or Tenant-in-Common.* A private fund client may make certain of its investments through a joint venture or tenancy in common in which its co-venturer or tenant-in-common is a government regulated entity. In such cases, the private fund client's investment may involve additional risks, including the risk that government regulation may prevent or otherwise restrict the co-venturer's or tenant-in-common's participation in the joint venture or tenancy in common.
- *Investments in Publicly Traded Securities.* In limited circumstances, a private fund client may hold securities that are publicly traded. Such investments will be subject to the risks inherent in investing in public securities. When holding public securities, the private fund client may be unable to obtain financial covenants or other contractual rights that it might otherwise be able to obtain in making privately negotiated investments. Moreover, the private fund client may not have the same access to information in connection with investment in public securities, either when investigating a potential investment or after making an investment, as compared to privately negotiated investments. Furthermore, the private fund client may be limited in its ability to make investments, and to sell existing investments, in public securities because Related Fund Management may be deemed to have material, non-public

information regarding the issuers of those securities. The inability to sell public securities in these circumstances could materially adversely affect the investment results of such private fund client.

- *Concentration of Investments.* The investments made by a private fund client could be concentrated in one investment type or in relatively few investment types. As a consequence, the aggregate return on such private fund client's investments may be adversely affected by the geographic concentration of such private fund client's investments or the unfavorable performance of a particular investment type and will be at a greater risk to overall changes in the economy or interest rates than if the private fund client were less concentrated in a particular investment type or location.
- *Regulatory Considerations.* The real estate assets in which a private fund client may invest may require the approval of governmental authorities and, in some cases, consents of third parties. There can be no assurance that any such approvals and consents will be obtained on a timely basis, if at all. The need to obtain such approvals and consents and otherwise to comply with regulatory requirements may cause significant delays in the development process for a given private fund investment, exacerbating the risk that changes in the local market will render a project economically unattractive.
- *Hedging.* A private fund client or an entity in which it invests may employ in certain limited circumstances hedging techniques through the purchase of swaps, derivatives and other similar instruments in order to reduce the risk of adverse movements in interest rates, currency exchange rates or the prices of its investments. While such transactions may reduce certain risks, the transactions themselves may entail certain other risks, including risks related to unanticipated changes in interest rates, currency exchange rates or prices.
- *Conflicts of Interest.* The investments of a private fund client may be subject to various conflicts of interest, including those between investors in a private fund client and between Related Fund Management and a private fund client. The conflicts are more fully discussed in *Item 10 – Allocation of Investment Opportunities, Fees for Related Services, Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* and in certain private fund clients' offering or governing documents.
- *Restrictions on Transfer and Withdrawal.* Investors in certain private funds may not be able to sell, transfer or pledge their interests in such private fund clients except with the consent of Related Fund Management or the relevant Management Entity, as applicable, which may be withheld in its sole discretion. Interests in a private fund client may not be redeemable, and voluntary withdrawals may not be permitted, except when necessary to comply with particular laws, statutes, and regulations. No public market for interests in the private fund clients exists and none is expected to develop.

- *Tax Considerations.* The structure of a private fund client or of any investment of a private fund client may not be tax-efficient to any particular investor in such client.

ITEM 9 DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a private fund client or an investor in such client, or prospective private fund client or investor, in their evaluation of Related Fund Management's advisory business or the integrity of its management.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration.

Neither Related Fund Management nor any of its management persons is registered or has a pending application to register as a broker-dealer or registered representative of a broker-dealer.

B. Futures Commission Merchant, Commodity Pool Operator, Commodity Trading Advisor.

Neither Related Fund Management nor any of its management persons is registered or has a pending application to register as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities.

C. Relationships Material to Advisory Business.

Related Fund Management serves as the investment adviser, manager or managing member of each of the private fund clients. The Management Entities serve as the general partners or managing members of certain private fund clients. Related Fund Management or an affiliate of Related Fund Management is the general partner or managing member of each Management Entity. The private fund clients include:

1. The Related Real Estate Recovery Fund, which is principally comprised of a Delaware limited partnership, a Cayman limited partnership and related subsidiary entities.
2. The Related UBC Opportunity Fund, which is comprised of a Delaware limited partnership.
3. The Related Multi-Family Fund, which is principally comprised of two limited liability companies and subsidiary entities.
4. The RFM Freddie K24 Fund, which is comprised of a Delaware limited liability company.

The officers and employees of Related Fund Management who play key roles in managing each private fund client may spend a significant portion of their time on matters other than, or only tangentially related to, the private fund clients or any particular private fund client.

In particular, these officers and employees of Related Fund Management will spend substantial time and resources managing the investment and real estate business of Related (or other entities with which the officers and employees are involved) in which the private fund clients have no interest. Conflicts of interest may arise in allocating management time, services or other resources to and among the private fund clients and other investments and projects.

For a discussion of the material conflicts of interest created by the relationships described in this Item 10, please refer to *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*.

D. Recommending Other Investment Advisers.

Related Fund Management does not recommend or select other investment advisers for its clients.

E. Allocation of Investment Opportunities.

Related Fund Management provides investment advisory services to a number of private fund clients and may in the future provide such services to additional private fund clients. The investment strategies of the private fund clients may overlap to some degree. In addition, Related and its affiliates (other than Related Fund Management) engage in a broad spectrum of real estate investment activity that may overlap with private fund clients' investment strategies.

The governing documents of the private fund clients generally include restrictions on the allocation of investment opportunities, but may not include such restrictions in every case. In addition, the governing documents may include provisions allocating specific types of investment opportunities to one or more private fund clients or other persons. Subject to any such restrictions set forth in the private fund clients' governing documents, Related Fund Management generally has discretion to allocate investment opportunities using its best judgment, considering such factors as it deems relevant (including the size of the investment opportunity, the objectives of the applicable private fund clients, target rates of return, diversification considerations, risk profile, available capital and expected holding periods). Therefore, one private fund client may compete with other private fund clients or other persons for investment opportunities.

In exercising its discretion, Related Fund Management may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among private fund clients with differing fee, expense and compensation structures, Related Fund Management may have an incentive to allocate investment opportunities to the private fund clients or other vehicles from which Related Fund Management or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit. However, as an investment adviser registered under the Advisers Act, Related Fund Management is required to resolve any conflicts of interest on a fair and equitable basis.

F. Fees for Related Services.

As described above under *Item 5(C) – Fees and Compensation—Other Fees and Expenses*, affiliates of Related Fund Management may be entitled to receive fees from the

private fund clients and/or portfolio entities in which they invest in consideration for certain services provided, including property management, real estate brokerage, loan servicing, leasing, development, physical security and construction management and other real estate-related services. The opportunity to earn these fees creates a potential conflict of interest between Related Fund Management and/or its affiliates, on the one hand, and such private fund clients and their investors, on the other hand, because (1) the amounts of such fees may be substantial and (2) although in some cases the amount of these fees may reduce future investment advisory fees paid by the private fund clients, the private fund clients and their investors generally do not have an interest in the affiliates receiving such fees. Except as disclosed in the private fund clients' governing documents, the terms of any fees and related services will be fair to the client and on terms no less favorable to the client than would be obtained on an arm's length basis, taking into account the nature of the transaction and the services provided.

**ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT
TRANSACTIONS AND PERSONAL TRADING**

A. Code of Ethics.

Related Fund Management has adopted a code of ethics which, among other things, requires its supervised persons and access persons, as applicable, to (1) comply with the letter and spirit of all applicable laws, rules and regulations; (2) report their personal securities transactions and holdings; (3) seek and obtain approval in writing prior to acquiring any direct or indirect beneficial ownership in any security in an initial public offering or in a limited offering; and (4) read, and agree to adhere to, the code of ethics. A copy of the code of ethics will be provided upon request to clients or prospective clients.

B. Principal Transactions.

In limited circumstances, Related Fund Management may recommend that a private fund client purchase from, or sell securities to, Related Fund Management, its affiliates or their personnel, or Related Fund Management may cause a private fund client to do so. If Related Fund Management, its affiliates or their personnel were to engage in any such transaction they would only do so in accordance with the requirements of Section 206(3) of the Advisers Act, including the requirement to obtain the prior consent of each private fund client that is a party to the transaction. This prior consent may be obtained directly from the investors in the private fund client or from an advisory committee comprised of certain representatives of the investors of the private fund client participating in the transaction.

C. Investments in Securities Recommended by the Investment Adviser.

Due to co-investment and Carried Interest arrangements, Related Fund Management, its affiliates and/or their personnel may have a direct or indirect financial interest in the securities and other assets purchased and sold by a private fund client. Further, personnel of Related Fund Management and its affiliates have made personal investments through investment vehicles that invest in the private fund clients. This type of personal investment is intended to align the interests of Related Fund Management's personnel with the third party investors in the private fund clients. Other than through these arrangements, Related Fund Management does not expect

that Related Fund Management, its affiliates or their personnel will have a financial interest in the securities or other assets purchased or sold by a private fund client.

D. Purchases of Securities by the Investment Adviser and the Clients at the Same Time.

To the extent Related Fund Management or any related person acquires a direct or indirect interest in the securities and other assets of a private fund client through a co-investment, such persons will acquire and dispose of their interests in such securities and other assets at the same time and on the same terms as the private fund clients, except as otherwise disclosed in the governing documents of the private fund clients.

ITEM 12 BROKERAGE PRACTICES

Related Fund Management typically provides advice with respect to investments in real estate, real estate related assets or private real estate-related securities. In the limited circumstances where a private fund client purchases public securities or holds such securities as a result of a portfolio entity becoming publicly traded, Related Fund Management follows applicable SEC guidelines and seeks to obtain best execution in executing such transactions. In selecting brokers and negotiating commission rates, Related Fund Management will look not just for lowest possible commission cost or dealer spread, but also for whether the transaction represents the best qualitative execution and therefore takes into account several factors, including, but not limited to, the financial stability and reputation of the broker, listed bids and asks, speed of execution, the quality of investment research, trading style and investment strategies and special execution capabilities, including the ability to minimize indirect cost factors such as market manipulation and trade settlement costs.

Related Fund Management has no arrangements with brokers or dealers to receive research or other services beyond transaction execution in exchange for brokerage commissions from client transactions (so called “soft dollar” arrangements). Related Fund Management may in the future occasionally effect transactions or otherwise use broker-dealers that have, or whose affiliates have, referred or recommended investors to it and broker-dealers or registered representatives of broker-dealers that personally or through related persons or family members have investments in funds managed by Related Fund Management. Because Related Fund Management policy is to select brokers on the basis of best execution, Related Fund Management does not believe this presents a conflict.

To the extent Related Fund Management aggregates orders for purchase and sale, it will aggregate such orders as it deem appropriate and in accordance with the governing documents of the private fund clients and in the best interest of each such client.

Item 13 REVIEW OF ACCOUNTS

A. Monitoring of Accounts.

Related Fund Management’s investment staff is responsible for reviewing and monitoring each private fund client’s investments on an ongoing basis. The investment staff includes Related Fund Management’s executive officers and specialists in investment analysis, research, asset

management, capital markets and asset disposition. The investment staff is responsible for identifying, evaluating, structuring and negotiating investments, overseeing the ongoing management of the investments by property managers or services and for management or oversight of financings, recapitalizations and dispositions.

B. Review Triggers.

Related Fund Management monitors each private fund client's performance and investments on an ongoing basis.

C. Reports to Clients.

Reports are prepared and furnished to investors in the private fund clients in accordance with the governing documents of such clients. Generally, each investor in a private fund client is furnished (1) on a quarterly basis, unaudited financial statements and summary information with respect to each investment, (2) on an annual basis, audited financial statements, summary information with respect to each investment and information to enable such investor to complete its U.S. federal income tax return with respect to such investor's investment in the private funds.

Item 14 CLIENT REFERRALS AND OTHER COMPENSATION

A. Non-Client Compensation or Benefit.

Related Fund Management and its affiliates may provide certain services to entities or with respect to properties in the private fund clients' portfolios and may receive compensation from persons other than the private fund clients in connection with such services. These services are described in greater detail under *Item 5(C) – Fees and Compensation—Other Fees and Expenses*. Any compensation received in connection with such services may or may not offset all or a portion of the Management Fees received by Related Fund Management from the associated private fund client, depending on the governing documents of such private fund client. To the extent any such compensation does not fully offset the Management Fees received by Related Fund Management from the associated private fund clients, the persons receiving the compensation may be incentivized to spend a disproportionate amount of time and attention to such private fund clients. Related Fund Management generally seeks to address this potential conflict of interest by (1) agreeing with investors in certain private fund clients that the terms of any such dealing shall be fair to the client and on terms no less favorable to the client than would be obtained on an arm's length basis, taking into account the nature of the transaction and the services provided, and (2) maintaining policies and procedures designed to cause Related Fund Management, its affiliates and their personnel to satisfy their fiduciary duties to each private fund client in connection with their activities.

B. Solicitation Arrangements.

From time to time, Related Fund Management or its affiliates may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a person investing in a private fund client. Except as provided in the governing documents of a private fund client, any fees and expenses payable to any such placement agents will be borne by Related Fund Management or its affiliates directly or indirectly through an offset against the

investment advisory fee payable by such private fund client. An affiliate of Related Fund Management retained a placement agent (the “*Placement Agent*”) in connection with the Related Real Estate Recovery Fund. The Placement Agent no longer provides placement agent services to such private fund client. In exchange for the services previously provided, the Placement Agent receives a percentage fee based on commitments delivered to the Related Real Estate Recovery Fund. The Placement Agent also is entitled to reimbursement of certain out-of-pocket and other expenses incurred in performing its services as placement agent.

Item 15 Custody

Related Fund Management or its affiliates may have, or may be deemed to have, custody (within the meaning of Rule 206(4)-2 under the Advisers Act) of certain of the funds and securities of the private fund clients. Each investor in a private fund client receives within 120 days of the end of the fiscal year of such private fund client audited financial statements that comply with Rule 206(4)-2(b)(4) under the Advisers Act. As a result, the investors in the private fund clients are not provided account statements under Rule 206(4)-2(a)(3) and (5) under the Advisers Act.

ITEM 16 INVESTMENT DISCRETION

Pursuant to each private fund client’s governing documents, Related Fund Management or the Management Entities have discretionary authority to make investment determinations on behalf of the relevant private fund client. This authority is subject to limitations set forth in the applicable offering materials and governing documents (including any side letters executed with Investors) for each private fund client.

Item 17 VOTING CLIENT SECURITIES

Related Fund Management’s private fund clients generally invest in real estate and real estate-related assets that do not issue proxies.

To the extent that any private fund client holds voting securities, Related Fund Management (or the applicable Management Entity) has the authority to direct the voting of such securities except to the extent provided in the governing documents of the private fund client. The voting securities held by the private fund clients in most cases entail large or controlling interests of privately held issuers. Unlike the limited voting rights attributable to publicly traded securities, the private fund clients generally have broad voting authority (directly or indirectly) on a wide range of matters affecting these privately held issuers. Related Fund Management (or the applicable Management Entity) may also have the authority to direct the voting of publicly traded securities. If Related Fund Management (or the applicable Management Entity) exercises the voting rights attributable to interests in privately held issuers or publicly traded securities on behalf of the private fund clients, it does so in the interests of the applicable private fund client. When voting securities, Related Fund Management (or the applicable Management Entity) considers relevant facts, which may include, among many others, the impact on the value of the securities, the anticipated economic and non-economic costs and benefits associated with a proposal, the effect on liquidity, and customary industry and business practices. Related Fund Management has adopted a proxy voting policy, which is designed to ensure that Related Fund

Management (or the applicable Management Entity) votes a private fund client's securities in the best interests of such private fund. In the voting of client securities, Related Fund Management does not believe material conflicts of interest would arise between its interests on the one hand and the interests of the private fund clients on the other.

The private fund clients may not direct the vote of Related Fund Management or the Management Entities in a particular solicitation.

Existing and prospective investors in a private fund client may request information from Related Fund Management about how any voting securities held by such private fund client were voted. Related Fund Management will provide a copy of its proxy voting policy to any existing or prospective investor upon request.

ITEM 18 FINANCIAL INFORMATION

Related Fund Management does not require or solicit payment of more than \$1,200 in fees per private fund client six months or more in advance. Related Fund Management does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to private fund clients, and it has not been the subject of a bankruptcy petition at any time during the past ten years.

ITEM 19 REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.