

Form ADV

1 May 2013

Part 2A

Claros Fund Management LLC

CRD/IARD#: 167609
60 Columbus Circle, 20th Floor
New York, NY 10023
212-515-3247
212-202-5139...fax
INFO@clarosfund.com

This brochure ("Brochure") provides information about the qualifications and business practices of Claros Fund Management LLC (referred to in this Brochure as either "Claros Fund Management" or "CFM"). 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.

If you have any questions about the contents of this Brochure, please contact us at 212-515-3247 or INFO@clarosfund.com. Additional information about CFM or certain of our supervised persons is also available on the SEC's Investment Adviser Public Disclosure ("IAPD") which can be found at www.adviserinfo.sec.gov.

The format/layout of this Brochure has been dictated by the SEC. As such, the Brochure's table of contents can be found after the "Material Changes" section of this Brochure, not at the beginning of the Brochure. The main sections and any relevant subsections appearing under each main heading shall follow the ordering as set forth in the instructions and guidance issued by the SEC in regard to Part 2A of the Form ADV. CFM's response to each such item shall immediately follow each numbered item. We encourage any reader of this Brochure to also refer to the SEC's instructions and guidance related to Part 2A of the Form ADV. Throughout this Brochure, any references to "we," "our," "ours," "us," etc. are meant to refer to CFM.

II. Material Changes

Filing date of last annual ADV update: N/A.

CFM has not completed its first fiscal year while maintaining an active registration as an investment adviser and, therefore, it has not needed to file an annual ADV update. As such, CFM has no material changes to report in regard to its Form ADV.

III. Table of Contents

II. Material Changes	2
III. Table of Contents.....	3
IV. Advisory Business	5
Item IV.(A). CFM at a Glance	5
Firm Profile / History.....	5
IV.(B). CFM’s Advisory Services.....	5
IV.(C). Customization of Advisory Services	5
IV.(D). Wrap Fee Program Participation	5
IV. (E). Assets Under Management (“AUM”).....	6
V. Fees and Compensation	6
V.(A). CFM Advisory Fees.....	6
V.(B). Fee Collection Process	6
V.(C). Other Fee/Expenses.....	7
V.(D). Fees Charged in Advance	7
V.(E). Additional Compensation.....	7
VI. Performance-Based Fees and Side-By-Side Management	7
VII. Types of Clients	7
VIII. Methods of Analysis, Investment Strategies and Risk of Loss	8
VIII.(A). Methods of Analysis and Strategies.....	8
VIII.(B). Material Risks	9
VIII.(C). Investment-Specific Risks.....	12
IX. Disciplinary Information	12
X. Other Financial Industry Activities and Affiliations.....	12
X.(A). Broker-Dealers.....	12
X.(B). Futures Commission Merchants, Introducing Brokers, Commodity Trading Advisors, Commodity Pool Operators.....	12
X.(C). Other Related Persons	12
Investment Vehicles.....	12
Affiliated Fund Sponsor.....	13
Conflicts of Interest	13
How we Address Conflicts of Interest	14
X.(D) Use of Other Investment Advisers	15
XI. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	15
XI.A Code of Ethics.....	15
XI.(B) Participation in Client Trading	16
XI.(C) Trading Alongside Our Clients.....	16
XI.(D) Trading Around the Same Time as Clients.....	17

XII. Brokerage Practices.....	17
XII.(A).(1). Research and Soft Dollar Benefits.....	17
XII.(A).(2). Brokerage for Client Referrals.....	17
XII.(A).(3). Directed Brokerage.....	17
XII.(B). Order Batching	17
XIII. Review of Accounts.....	18
XIII.(A). Review of Accounts.....	18
XIII.(B). Non-Periodic Account Reviews	18
XIII.(C). Reports to Clients.....	18
XIV. Client Referrals and Other Compensation.....	18
XIV.(A). Compensation we Receive.....	18
XIV.(B). Compensation we Pay.....	18
XV. Custody	18
XVI. Investment Discretion.....	19
XVII. Voting Client Securities	19
XVII.(A). Proxy Voting	19
Proxy Voting Policies and Procedures and Client Instruction	19
How to obtain our proxy voting record.....	20
XVII.(B). Proxy Voting	20
XVIII. Financial Information.....	20
XIX. Requirements for State-Registered Advisers	20

IV. Advisory Business

Item IV.(A). CFM at a Glance

Firm Profile / History

CFM was formed on April 16, 2013 in order to take over the business of Claros Management, L.P., which has managed the Claros Real Estate Securities Fund, L.P. (and its feeder funds) since 2003. CFM is controlled by Richard Mack and Claros Fund Holdings LLC. Richard Mack and Claros Fund Holdings LLC are the only two parties that directly or indirectly maintain at least 25% ownership interest in CFM.

CFM's primary business activities will involve the active management of securities portfolios through one or more pooled investment vehicles ("Investment Vehicles"). CFM's primary asset management focus is on the trading of certain asset-backed securities, dealing primarily with commercial mortgage-backed securities ("CMBS") and other similar or related instruments.

IV.(B). CFM's Advisory Services

CFM's principal business activities will focus on the management of one or more private funds that focus on the management of securities and other financial instruments and transactions consistent with the investment strategies, objectives and Investment Management Agreement ("Management Agreement") of each Client (as defined below in Item VII). Financial instruments about which CFM may provide advisory services include but are not limited to (i) commercial mortgage-backed securities ("CMBS"), (ii) whole loans, (iii) commercial real estate corporate debt and loans, (iv) mezzanine loans, (v) commercial real estate mortgage loans, (vi) recapitalization and restructuring of real estate property, (vii) acquisitions of real property, (viii) non-performing loans, and (ix) real estate investment trust ("REIT") equity and debt securities. In connection with certain investments, CFM may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange rates and may employ leverage in connection with investment activities on behalf of its Clients. The investments of certain CFM-managed Investment Vehicles are subject to diversification and geographic limitations as set forth in the relevant governing documents specific to each Investment Vehicle, as well as limitations on the amount of leverage that CFM may utilize in connection with the investment activities of any such Client.

CFM may also seek out additional, strategic investment opportunities on behalf of its Clients in a manner consistent with each Client's investment objectives.

CFM generally will possess full discretionary authority with respect to the investment decisions of its Clients; however, CFM's advice is provided in accordance with the investment objectives and guidelines set forth in each Client's governing documents and Management Agreement.

IV.(C). Customization of Advisory Services

As described above, CFM's advisory services are tailored to meet the specific investment objectives and requirements set forth in the governing documents (i.e. partnership agreement, operating agreement, charter, etc.) and the Management Agreement for each Client. The overall investment needs, strategy, and focus will be set forth in such documents and CFM's advisory services will be specifically geared toward meeting the investment objectives of each Client. As an example, for various tax, regulatory, or economic purposes, CFM may form one or more special purpose entities in order to facilitate portfolio investments on behalf of its Clients. The process of structuring such entities to meet these individualized needs will vary from Client to Client.

IV.(D). Wrap Fee Program Participation

None of CFM's investment advisory services involve the use of wrap programs.

IV. (E). Assets Under Management (“AUM”)

CFM does not manage any assets as of the date of this Brochure.

V. Fees and Compensation

V.(A). CFM Advisory Fees

CFM’s fee schedule will generally involve an annual asset-based management fee (“Management Fee”). Under certain circumstances, CFM may also be eligible to collect an annual performance-based fee or allocation of profits (“Performance Fee”) in lieu of or in addition to its annual asset-based Management Fee. Specific fee arrangements will be set forth in the Investment Vehicle offering materials (i.e., PPM) and the individual Management Agreement(s) executed between CFM and any of its Clients. However, CFM’s general fee arrangements are typically structured as one of or in a combination of more than one of the fee types described below.

Management Fee

CFM’s annual Management Fee generally ranges from 1.0% - 1.50% of net assets annually and is typically charged on a quarterly basis, in advance. The quarterly management fee is based on the overall market value of the portfolio as of the first calendar day of the quarter to which the fee relates (i.e., Q2 quarterly management fees will be based on the portfolio value as of 1 April and will cover the period of April – June). The portfolio value on which the fee is based is adjusted for any new subscriptions or redemptions during that same period. Specific Management Fee arrangements will be set forth in each individual Client’s PPM and relevant Management Agreement.

Performance Fee

CFM may also earn an annual Performance Fee (sometimes called a “carried interest” or a “promote”) that is generally calculated as a percentage (typically at an annual rate of 20.0%) of the net profits achieved by the Client. CFM’s Performance Fees are generally calculated and assessed after the deduction of all expenses, management fees (if any), and any specially allocated items of profit and loss (if any). Ordinarily, CFM’s Performance Fee arrangements involve a high water mark or loss carryforward provision, prohibiting CFM from receiving a Performance Fee until previous losses have been recovered. The specifics of CFM’s performance fee arrangements will be set forth in greater detail in the applicable PPM and relevant Management Agreement.

Fee Negotiability

CFM’s fees with respect to any Investment Vehicles it manages generally are not negotiable. However, Claros Management, LP has negotiated fees with some legacy investors in Claros Real Estate Securities Fund, LP and/or its feeder funds.

In certain cases, CFM will have the discretion to waive or modify the application of certain provisions (including those related to management fees, carried interest, transparency, and withdrawals) of the constitutional documents for each Client (that is an Investment Vehicle) with respect to an investor in such Investment Vehicle without obtaining the consent of any other investor. CFM will generally waive all Management and Incentive Fees attributable to CFM principals, employees, and affiliates, as well as for their respective family members.

V.(B). Fee Collection Process

As described above, CFM’s Management Fees are generally calculated and payable in advance, and Performance Fees are generally calculated and payable in arrears.

V.(C). Other Fee/Expenses.

Investment Vehicles managed by CFM generally bear all expenses related to their investments and operations, including, by way of example, fees, costs and expenses directly related to the purchase and sale of their investments, taxes, fees of auditors, administrators, custodians and legal counsel, fees of consultants, expenses of directors, advisory boards and annual meetings, insurance, litigation expenses, and any extraordinary expenses.

V.(D). Fees Charged in Advance

As described above, CFM's Management Fees are generally assessed and collected in advance.

V.(E). Additional Compensation

Item V.(E) requires us to address situations in which we or any of our supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. Neither we, nor any of our supervised persons are party to any such arrangements.

VI. Performance-Based Fees and Side-By-Side Management

To supplement our discussion of fees and compensation contained in Item V.(A) above, for certain of our Clients, we charge performance fees. Performance fee arrangements may vary from Client to Client and we will only charge a performance-based fee or allocation in relation to assets for a Client meeting the minimum criteria for being charged performance-based fees.

A primary concern with the use of performance-based fees is that they may create an incentive for a firm to engage in riskier investment behavior due to the higher return potential associated with many high-risk investments. Additionally, a firm may have the incentive to favor (i.e., spend more time and resources or allocate specific assets anticipated to be more profitable than others) assets subject to a performance-based fee over assets not covered by a performance-based fee, or subject to a lower fee, in order to maximize the potential fee revenue from the assets producing the performance fees.

In an effort to deal with the types of conflicts presented in this section, we regularly monitor our investment management activity for the purpose of not only reviewing for the appropriateness of the transactions but also the appropriateness of the overall fees paid by a Client. Our review process in this regard is carried out on no less than an annual basis, and generally we review Client assets for this purpose on a quarterly basis.

VII. Types of Clients

CFM expects to advise only clients that are non-natural persons. CFM does not deal directly with natural person clients (i.e., individual human beings). CFM expects to provide its advisory services exclusively to commingled Investment Vehicles.

In the United States, Investment Vehicles managed by CFM will ordinarily take the form of limited partnerships or limited liability companies. Outside of the United States, CFM may utilize other similarly structured entities to serve as the Investment Vehicles that it may manage.

Unless stated otherwise in this Brochure, the types of client relationships described above (i.e., commingled, private Investment Vehicles) collectively will be referred to as "Clients" or individually as a "Client" for the purpose of this Brochure.

CFM does not impose a standard set of minimum fees or other conditional requirements for any Client relationships. For additional fee-related information, refer back to Item V.(A).

VIII. Methods of Analysis, Investment Strategies and Risk of Loss

VIII.(A). Methods of Analysis and Strategies

Methods of Analysis

In the course of our management process and as appropriate on a case by case basis, we will employ some or all of the following methods of analysis.

Charting / Technical

The terms “charting” and “technical” analysis are generally used synonymously and therefore, for the purpose of this Brochure, we will use the term, “technical analysis.” In most cases, technical analysis involves the evaluation of historical market data such as price and volume of a particular security or investment instrument. Technical analysis often involves the use of charts, graphs, and other tools to evaluate historical factors relating to the investment instrument and perhaps the market as a whole. The goal of technical analysis is to try to identify historical trading patterns that suggest future trading activity or price targets.

Fundamental

Fundamental analysis is generally the considered the opposite approach to technical analysis. Fundamental analysis involves the attempt to identify the intrinsic value (i.e., the actual, true/real value) of an investment instrument by examining any related economic, financial, and other quantitative and qualitative factors relevant to that instrument. Fundamental analysis can take into account anything that may impact the underlying value of the instrument. Examples of such things may include large-scale economic issues such as the overall condition or current cycle of the economy, industry-specific or sector-specific conditions, etc. Other company/issuer-specific factors may also be taken into consideration such as the company’s/issuer’s current financial condition, management experience and capabilities, legal/regulatory matters, the overall type and volume of current and expected business, etc.

One of the goals of fundamental analysis is to attempt to derive a value that can be compared to the current market price for a particular financial instrument in hopes of determining whether the instrument is overpriced (time to sell) or underpriced (time to buy).

Cyclical

Cyclical analysis involves the evaluation of an investment instrument or its issuer for the purpose of identifying whether (and if so, to what extent) it or they may be impacted by fluctuations in the overall economic conditions over time. As an example, as more and more people lose their jobs, consumer-based industries like housing or the automotive industry can be negatively impacted because consumers are less able to purchase things like homes and automobiles.

Creditworthiness and Collateral

CFM will evaluate the creditworthiness of any counterparty to the transactions it facilitates on behalf of one of its Investment Vehicles. CFM will also analyze (to the extent possible and practical) the creditworthiness of the tenants in the properties that may represent the underlying collateral or other assets underpinning the securities traded on behalf of one of CFM’s Investment Vehicles. Evaluation of collateral performance and value is critical to gaining an understanding of the potential residual or recovery value of an instrument in the event its issuer becomes insolvent.

Strategy

As part of the general strategy of CFM in relation to its Investment Vehicle clients, CFM seeks to build a diversified portfolio of “story” and distressed real estate debt securities across commercial real estate debt types, and to exit the investments opportunistically as the credit issues associated with them are resolved. Securities are referred to as

“story” when they have fallen out of favor with investors due to a variety of factors that may include tenant credit issues or property operating issues. “Distressed” investments are debt securities that are under-performing or non-performing due to insufficient cash-flow from the underlying collateral. CFM also opportunistically invests in cash and synthetic securities where arbitrage and convergence opportunities exist. CFM may utilize property market relationships and investment partnerships to source investments and gather property market information to support its investment underwriting, portfolio management, and disposition analyses.

CFM’s property and credit-driven strategy focuses on credit-based investment opportunities for which CFM’s real estate and capital markets knowledge and expertise provide a competitive edge in pricing the investments. An Investment Vehicle may invest in diverse categories of debt and equity securities backed primarily by commercial real estate. These investments may include, but are not limited to, the following investment grade and below-investment grade securities: (i) CMBS; (ii) corporate debt issued by publicly traded REITs and real estate companies (“REIT Debt”); (iii) CRE CDOs; (iv) credit-tenant lease backed debt instruments (“CTL Debt”); (v) subordinated interests in first mortgage loans (“B-Notes”) and mezzanine loans; (vi) synthetics backed by CMBS, including CMBX, single name credit default swaps (“CDS”) and total return swaps on CMBS indices; (vii) REIT equities; and (viii) CRE-related equities. In aggregate, these markets represent over \$3 trillion of outstanding securities and notes.

Assets for Investment Vehicles may span several investment categories in an effort to maximize returns and minimize portfolio credit and market risk. Such assets may also be diversified geographically and by asset type and duration. CFM employs a disciplined and opportunistic investment process. Accordingly, the relative proportions of an Investment Vehicle’s investments falling within each of the investment types and other diversification matrices may vary over the life of the Investment Vehicle.

CFM seeks to hedge and mitigate investment risks (other than credit and real estate risks) to the extent practical in light of an Investment Vehicle’s overall objectives. Leverage is utilized in a prudent and conservative manner, typically of one times but no more than three times an Investment Vehicle’s total capital. Leverage is generally utilized at two-thirds to three-quarters of available asset borrowing levels to provide a cushion against potentially adverse marks-to-market. Matched-term funding structures are used, where possible, to minimize refinancing risk. CFM uses interest rate hedging instruments to manage interest rate exposure and the duration gap between assets and liabilities. A portion of each Investment Vehicle’s assets are expected to be relatively liquid, high-grade securities which, in combination with planned maintenance of excess borrowing capacity under its secured funding arrangements, will be available to meet liquidity needs. Portfolio diversity is ordinarily managed by investing across categories of real estate debt securities that may be imperfectly correlated.

VIII.(B). Material Risks

Investing in securities or other investment products involves the risk of loss and all clients should be prepared to bear such losses. The following list will identify and describe the most common risks associated with CFM’s investment analysis methods and strategies. Depending on any individual Investment Vehicle managed by CFM, different or additional risk factors than those described below may apply. More detailed and specific risk factors are addressed in the offering documents of each individual Investment Vehicles.

Capital Risk

Capital risk is one of the most basic, fundamental risks of investing; it is the risk that you may lose 100 percent of your money. All investments carry some form of risk and the loss of capital is generally a risk for any investment instrument.

Credit Risk

Credit risk can be a factor in situations where an investment’s performance relies on a borrower’s repayment of borrowed funds. With credit risk, an investor can experience a loss or unfavorable performance if a borrower does not repay the borrowed funds as expected or required. Investment holdings that involve forms of indebtedness (i.e., borrowed funds) are subject to credit risk.

Currency Risk

Fluctuations in the values of the currencies in which your investments are denominated may affect the value of your investment.

Economic Risk

The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

Financial Risk

Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

Higher Trading Costs

For any investment instrument or strategy that involves active or frequent trading, you may experience larger than usual transaction-related costs. Higher transaction-related costs can negatively affect overall investment performance.

Inflation Risk

Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time, the prices of resources and end-user products generally increase. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely buy you less than what it can today.

Interest Rate Risk

Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) held. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest-paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.

Legal/Regulatory Risk

Certain investments or the issuers of investments may be affected by changes in state or federal laws or in the prevailing regulatory framework under which the investment instrument or its issuer is regulated. Changes in the regulatory environment or tax laws can affect the performance of certain investments or issuers of those investments.

Liquidity Risk

Certain assets may not be readily converted into cash or may have a very limited market in which they trade. Thus, you may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e., not being able to quickly get out of an investment before the price drops significantly) a particular investment and, therefore, can have a negative impact on investment returns.

Margin Risk

- You can lose more funds than you deposit in a margin account. A decline in value of securities that are purchased on margin may require you to provide additional funds to the custodian holding your margin account in order to avoid a forced sale of those securities or other securities in your account.
- The custodian holding your margin account can force the sale of securities in your margin account. If the equity in your account falls below the margin maintenance level required by law or below the custodian's "house" requirement, the custodian can sell the securities in your account to cover the margin deficiency. You will be responsible for any shortfall in the account after such sale.
- Securities purchased on margin can be sold without contacting you prior to sale. Some investors mistakenly believe they must be contacted before a margin call becomes valid and that securities in their accounts cannot be liquidated to meet the call unless they have been contacted ahead of time. Most firms will attempt to notify you of margin calls, but they are not required to do so. Even if the custodian has contacted you to provide a specific date by which you can meet a margin call, the custodian can still take necessary steps to protect its financial interests, including immediately selling the securities without notice to you.
- You are not entitled to choose which securities in your margin account are liquidated or sold to meet your margin call. Because the securities are used as collateral for the margin loan, the custodian has the right to decide which securities to sell in order to protect its interests.
- The custodian can increase its "house" margin maintenance requirements at any time and is not required to provide you with advance, written notice. These changes in policy can take effect immediately and may result in the issuance of a margin maintenance call. Your failure to satisfy this call may cause a forced liquidation in your account.
- You are not entitled to an extension of time on a margin call. While an extension of time to meet margin requirements may be available to clients under certain conditions, a client does not have the right to the extension.

Market Risk

The market value of an investment will fluctuate as a result of the occurrence of the natural economic forces of supply and demand on that investment, its particular industry or sector, or the market as a whole. Market risk may affect a single issuer, industry, or sector of the economy or may affect the market as a whole. Market risk can affect any investment instrument or the underlying assets or other instruments held by or traded within that investment instrument.

Operational Risk

Operational risk can be experienced when an issuer of an investment product is unable to carry out the business it has planned to execute. Operational risk can be experienced as a result of human failure, operational inefficiencies, system failures, or the failure of other processes critical to the business operations of the issuer or counter party to the investment.

Past Performance

Charting and technical analysis are often used interchangeably. Technical analysis generally attempts to forecast an investment's future potential by analyzing its past performance and other related statistics. In particular, technical analysis often times involves an evaluation of historical pricing and volume of a particular security for the purpose of forecasting where future price and volume figures may go. As with any investment analysis method, technical analysis runs the risk of not knowing the future, and investors should realize that even the most diligent and thorough technical analysis cannot predict or guarantee the future performance of any particular investment instrument or issuer thereof.

Strategy Risk

There is no guarantee that the investment strategies used by CFM will work under all market conditions and each investor should evaluate his or her ability to maintain any investment in light of his or her own investment time horizon. Investments are subject to risk, including possible loss of principal.

VIII.(C). Investment-Specific Risks

The Investment Vehicles managed by CFM trade in several different securities instruments. However, CMBS instruments are the most commonly traded securities instrument. A detailed description of the risk factors associated with CMBS instruments and other investment instruments traded on behalf of CFM's Investment Vehicles can be found in the PPM for each such Investment Vehicle.

IX. Disciplinary Information

There are no items required to be reported in response to this item.

X. Other Financial Industry Activities and Affiliations

The following information will address any active or pending financial industry affiliations that Clients need to know about for the purpose of identifying any related conflicts of interest that you might consider material in regard to engaging CFM.

X.(A). Broker-Dealers

Neither CFM nor any of its management persons is registered as a broker-dealer, nor any such persons have an application pending or otherwise in process for the purpose of seeking registration as a broker-dealer. Further, none of our management persons are registered as or currently seeking registration as a registered representative of a broker-dealer.

X.(B). Futures Commission Merchants, Introducing Brokers, Commodity Trading Advisors, Commodity Pool Operators

Neither CFM nor any of its management persons is registered as a futures commission merchant, an introducing broker, a commodity trading adviser, or a commodity pool operator, nor do any such persons have an application pending or otherwise in process for the purpose of seeking registration as any of these types of firms. Further, none of our management persons are registered as or currently seeking registration as associated persons of any of these types of firms.

X.(C). Other Related Persons

As described previously, it is expected that CFM will be appointed to serve as the investment manager to one or more pooled Investment Vehicles described below.

Investment Vehicles

Claros Real Estate Securities Fund, L.P. ("Claros Master")

Claros Real Estate Securities Fund I, Ltd. ("Claros Feeder I")

Claros Real Estate Securities Fund II, Ltd. ("Claros Feeder II")

CFM serves as the investment manager to Claros Master, Claros Feeder I, and Claros Feeder II. Claros Advisors, LLC ("Claros Advisors") serves as the general partner for Claros Master. CFM assists Claros Advisors with the investment and financing operations of Claros Master, including the identification, evaluation, acquisition, financing, management and disposition of assets. With the exception of such capital that CFM deems reasonably necessary or appropriate to pay any fees, expenses or other costs related to Claros Feeder I and Claros Feeder II, respectively, both Claros Feeder I and Claros Feeder II will invest substantially all of their assets in Claros Master. Claros Master pays a management fee to CFM. Claros Advisors is majority-owned and controlled by one or more CFM Management Persons.

Affiliated Fund Sponsor

Claros Advisors, LLC

As described above, Claros Advisors, LLC is a related person of CFM and it serves as the general partner of Claros Master.

Conflicts of Interest

The relationships and arrangements described above may present certain conflicts of interest.

Certain inherent conflicts of interest arise from the fact that CFM may provide investment management services to more than one client and that such clients may have overlapping or conflicting investment objectives. Also, the portfolio strategies employed by CFM for current and future clients and other CFM Investment Vehicles (if any) could conflict with one another, and may affect the prices and availability of the assets in which such clients invest. Certain clients of CFM have similar investment strategies, and participation in specific investment opportunities may be appropriate for more than one CFM Investment Vehicle. In such cases, participation in such opportunities will be allocated pursuant to CFM's allocation policy and procedures. Such considerations may result in allocations of certain investments among CFM Investment Vehicles on other than a *pari passu* basis. More information concerning CFM's allocation policy and procedures is provided in this Brochure.

Additional conflicts of interest may arise because certain CFM management persons (including CFM personnel) may serve as directors of companies in which CFM Investment Vehicles invest. In addition to any fiduciary duties the CFM management persons owe to the CFM Investment Vehicles, as directors of companies whose securities may be held in an Investment Vehicle portfolio, these CFM management persons may owe fiduciary duties to the shareholders of such companies and to persons other than CFM Investment Vehicle clients. In general, such director positions may have the effect of enhancing the ability of CFM and its affiliates to manage investments. Such positions, however, may have the effect of impairing the ability of CFM to sell the related assets when, and upon the terms, it may otherwise desire. In addition, such positions may place the CFM management persons in a position where they must suggest or make a decision that is either not in the best interests of CFM Investment Vehicle clients or not in the best interests of the shareholders of the company for whom they serve as director(s). Should a CFM management person make a decision that is not in the best interest of the shareholders of such a company, such decision may subject CFM and potentially its Investment Vehicles to claims that they would not otherwise be subject to, including claims of breach of the duty of loyalty, securities claims and other director-related claims. In general, CFM Investment Vehicle clients will indemnify CFM and its management persons from such claims. In addition, because of the potential conflicting fiduciary duties, CFM may be restricted in choosing assets for Investment Vehicle clients, which could negatively impact returns experienced by those clients.

CFM investment managers and their personnel may have conflicts in allocating their time and services among clients. CFM investment managers and their personnel will work on other projects, including other CFM Investment Vehicles and CFM's other existing and potential business activities. Each of CFM's Investment Vehicle clients may pay different levels of fees and, thus, an incentive may exist to spend more time on or put additional effort into certain Investment Vehicles that pay higher fees than other Investment Vehicles.

An associated person of CFM or one of its affiliates may, from time to time, come into possession of material non-public information in relation to certain parties that may be involved with one or more transactions contemplated on behalf of one of CFM's Investment Vehicle clients. Such associated persons may be subject to trading restrictions and may be prohibited from engaging in any transactions with respect to the securities or instruments of any company to which the material, non-public information relates. Such a prohibition may have an adverse effect on CFM's Investment Vehicle clients.

CFM may implement screens or information barriers in order to separate persons who make investment decisions from others who might possess material non-public information that could influence such decisions, but is not required to do so. In an effort to manage possible risks from CFM's decision not to implement such barriers, CFM will maintain a list of restricted securities as to which CFM and its associated persons may have access to material non-public information and in which CFM associated persons are prohibited from trading for themselves or on behalf of any CFM Investment Vehicle clients. In such an event, CFM may be restricted from acquiring or

disposing of certain investments on behalf of its Investment Vehicle clients, which could impact the returns generated for such clients.

Notwithstanding the maintenance of restricted securities lists and other internal controls, it is possible that the internal controls relating to the management of material non-public information could fail and result in CFM or one of its associated persons buying or selling a security while, at least constructively, in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on CFM's reputation, result in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact CFM's ability to perform its investment management services to its Investment Vehicle clients. In addition, CFM could be required by certain regulations, or decide that it is advisable, to establish information barriers, which could limit or significantly alter CFM's access to certain CFM associated persons and impair its ability to manage certain assets on behalf of its Investment Vehicle clients.

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment, and other activities of CFM, its affiliates, and their respective personnel. CFM will endeavor to resolve conflicts with respect to investment opportunities contemplated on behalf of its Investment Vehicle clients in a manner it deems equitable to the extent possible under the prevailing facts and circumstances.

Certain associated persons and affiliates of CFM may invest, on behalf of themselves, in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of an Investment Vehicle client. CFM and/or its investment manager subsidiaries may give advice or take action for their own accounts that may differ from, conflict with, or be adverse to, advice given or action taken for an Investment Vehicle client. These activities may adversely affect the prices and availability of securities or other instruments held by, or potentially considered for, one or more of CFM's Investment Vehicle clients.

Potential conflicts also may arise due to the fact that the CFM and/or its affiliates may hold investments in some Investment Vehicle clients (generally not directly) but not in others or may have different levels of investments in the various Investment Vehicle clients (generally not directly).

CFM may give advice or take action with respect to the assets of one or more Investment Vehicle client that may not be given or taken with respect to other Investment Vehicle clients with similar investment programs, objectives, and strategies. Accordingly, Investment Vehicle clients sharing similar strategies may not hold the same securities or instruments or achieve the same performance. CFM may also advise certain Investment Vehicle clients with conflicting investment objectives or strategies. These activities may also adversely affect the prices and availability of securities or other instruments held by or potentially considered for one or more Investment Vehicle client.

From time to time, CFM may acquire securities or other financial instruments of an issuer for one Investment Vehicle client which are senior or junior securities or financial instruments of the same issuer that are held by, or acquired for, another Investment Vehicle client (i.e., one Investment Vehicle client may acquire senior debt while another Investment Vehicle client may acquire subordinated debt). As a result, actions taken by CFM on behalf of one client may be adverse to the interests of another client. For example, in the event such issuer enters bankruptcy, the Investment Vehicle holding securities which are senior in bankruptcy preference may have the right to aggressively pursue the issuer's assets to fully satisfy the issuer's indebtedness to the Investment Vehicle client, and as a fiduciary, the applicable CFM investment manager would have an obligation to pursue such remedy on behalf of such Investment Vehicle client. As a result, an Investment Vehicle client holding assets of the same issuer which are more junior in the capital structure may not have access to sufficient assets of the issuer to completely satisfy its bankruptcy claim against the issuer and may suffer a loss.

How we Address Conflicts of Interest

First and foremost, we address this conflict by disclosing it to you in this Brochure. As a matter of general policy, we aggressively discourage activities that put a client's interests anywhere but first. Additionally, we have instituted a comprehensive supervisory program, detailed in our Written Supervisory Procedures and Compliance Manual ("WSPs"), that was designed to address, among other things, conflicts of interest such as the relationship and arrangements described herein.

In addition, we have designated a Chief Compliance Officer to be the person responsible for the overall application and oversight of our supervisory process and our WSPs. Our Chief Compliance Officer has the authority to delegate certain supervisory responsibilities to other supervised persons within our firm in order to ensure that our overall system of supervision is being carried out adequately and in a timely manner.

As described above, since participation in specific investment opportunities may be appropriate, at times, for more than one Investment Vehicle, CFM has established policies and procedures for allocating investment opportunities among such clients. The procedures have been adopted to ensure that each Investment Vehicle is treated in a manner that, over time, is fair and equitable and to take into account the fact that certain Investment Vehicles may have broad investment mandates that overlap. CFM will allocate investment opportunities among the Investment Vehicles on a basis that CFM determines in good faith to be appropriate, taking into consideration factors including, but not limited to, the following:

- the fiduciary duties that CFM owes to its Investment Vehicle clients;
- each Investment Vehicle's investment mandate;
- the relative amounts of capital available for investment (taking into account applicable reserves) and any restrictions on investment;
- the sourcing of the transaction;
- the size of the transaction;
- the amount of potential follow-on investing that may be required for such investment and other portfolio investments;
- the nature of the investment focus of each Investment Vehicle;
- portfolio balance and diversification;
- the involvement of respective teams of investment professionals; and
- any other factors deemed applicable by CFM in good faith.

The investment allocation policy may be amended by CFM at any time without the consent of or notice to any Investment Vehicle clients.

As stated above, in an effort to inform Clients of these conflicts of interest, we have prepared this Brochure and have provided it to our Clients, in part, for the purpose of disclosing these conflicts. Clients and investors are always welcome to request a current copy of our Brochure. We are required to provide Clients a copy of this Brochure no later than the time at which a Management Agreement is executed with the Client. On an annual basis, we are required to provide Clients either (1) a copy of our current Brochure or (2) a set of instructions as to how each client can request a copy of our current Brochure.

X.(D) Use of Other Investment Advisers

We do not use other investment advisers in the course of the services described above in Item IV.(B).

XI. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

XI.A Code of Ethics

We take great pride in our commitment to serving our Clients' needs and the integrity with which we conduct our business. In our recent history, the financial services industry has come under significant scrutiny, especially in the area of the inherent responsibility of financial professionals to behave in the best interests of their clients.

We have developed a Code of Ethics ("Code") as a means of memorializing our vision of appropriate and professional conduct in carrying out the business of providing investment advisory services. Our Code addresses issues such as the following:

- Standards of conduct and compliance with applicable laws, rules, and regulations
- Protection of material non-public information
- The addressing of conflicts of interest
- Employee disclosure and reporting of personal securities holdings and transactions
- The firm's IPO and private placement policy
- The reporting of violations of the Code
- Educating employees about the Code
- Enforcement of the Code

Each of our associated persons has been furnished with a copy of our Code and our supervised persons have signed a written acknowledgement attesting to their understanding of the Code and acceptance of its terms. A copy of our Code is available to all current and/or prospective Clients upon request.

XI.(B) Participation in Client Trading

The information in this item is intended to address situations in which we or one of our related persons may have a material financial interest in the investment instruments that we may recommend to our clients.

As described in response to Item X.(C), from time to time, one or more of our management persons may hold board positions with certain public companies. In most cases, these management persons are compensated for the performance of their duties as board members. All transactions in securities of such companies on behalf of CFM's Investment Vehicle clients are monitored carefully in order to ensure that all such transactions are appropriate and in the best interests of our clients.

XI.(C) Trading Alongside Our Clients

On occasion, either CFM or certain of its related persons may invest for its own accounts or have a financial interest in the same securities or other investments that we recommend or acquire for the benefit of our Clients. Further, we may also engage in transactions that are the same as or different than transactions carried out for the benefit of our Clients. Such transactions are permitted if effected, pre-cleared and reported in compliance with our policy on personal securities transactions. Generally, personal securities transactions will not be pre-cleared when an order for the same or a related security is pending for the account of a Client. Our Chief Compliance Officer or her designee reviews reports of personal transactions in securities by all of our access persons quarterly or more frequently if required.

Investment Policy

None of our access persons may effect for himself/herself or for accounts in which he/she holds a beneficial interest, any transactions in a security which is being actively recommended to any of our Clients, unless in accordance with the following procedures.

Firm Procedures

In order to implement our Investment Policy, the following procedures have been put into place.

- 1) If we are recommending that any of our Clients buy any security, no access person may purchase that security prior to a Client's purchase of that security; and
- 2) If we are recommending that any of our Clients sell any security, no access person may sell that security prior to a Client's sale of that security.

It is the primary intent of these procedures to ensure that the best interests of our Clients are always served over that of our own. Trading on our own behalf that results in our own interests being served over that of our Clients could be considered a breach of our fiduciary duty and thus, is aggressively discouraged.

XI.(D) Trading Around the Same Time as Clients

The information in this item is intended to address situations in which we or any of our related persons may invest in the investment instruments we may recommend to Clients. See Item XI.(C) above for additional information.

XII. Brokerage Practices

The purpose of this Item is to present to the factors that we take into consideration when (1) selecting broker-dealers for the purpose of effecting transactions on behalf of our Clients and (2) for determining the reasonableness of such broker-dealers' compensation related to such transactions.

CFM will generally recommend that all the Client's transactions be effected at, by, or through certain other firms that are unaffiliated with CFM.

Factors that we may consider in recommending certain broker-dealers or custodians to our Clients may include such entity's financial strength, reputation, execution, pricing, and service. In return for effecting securities transactions through certain broker-dealers and custodians, we or certain of our supervised persons may receive certain support services that may assist us in our investment decision-making process for all of our clients.

In seeking best execution, the determinative factor is not always the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of brokerage services, including factors such as execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, we may not necessarily obtain the lowest possible commission rates for a Client's transactions.

XII.(A).(1). Research and Soft Dollar Benefits

The SEC has defined soft dollar practices as arrangements under which products or services other than execution of securities transactions are obtained by an adviser from or through a broker-dealer in exchange for the direction by the adviser of client brokerage transactions to the broker-dealer. An individual or firm must exercise "investment discretion" over an account, as defined in Section 3(a)(35) of the Exchange Act, in order to use client commissions to obtain research under Section 28(e) of the Exchange Act ("Section 28(e)"). We do participate in soft dollar arrangements, except to the extent that we may receive for no cost proprietary research provided by brokerage firms, which is not contingent upon the securities business we may direct to such brokerage firms.

XII.(A).(2). Brokerage for Client Referrals

In certain circumstances, firms like ours may receive client referrals as a result of recommending particular broker-dealers or other service providers. We, however, do not participate in any formal arrangements whereby we receive client referrals from any particular broker-dealer in return for selecting or recommending such broker-dealer.

XII.(A).(3). Directed Brokerage

We do not routinely recommend, request, or require that Clients direct us as to how to execute brokerage transactions on their behalf (i.e. using a particular broker-dealer for execution purposes), and we do not permit Clients to dictate how to direct brokerage activities.

XII.(B). Order Batching

In light of the limited number of actively-traded investment fund Clients we expect to have and the fact that the types of securities instruments that we trade on behalf of our Investment Vehicle Clients do not lend themselves to batched trading, we do not ordinarily engage in order batching or bunching.

XIII. Review of Accounts

XIII.(A). Review of Accounts

We will review Client portfolios on an ongoing basis, but no less frequently than quarterly. The designated reviewer(s) will review portfolios for things such as best execution (to the extent applicable) and overall suitability and consistency of any trading activity with regard to the investment objective(s) of the particular Investment Vehicle. As part of this review process, the designated reviewer(s) generally will review the performance and cost basis for transactions. During the quarterly review process, not all transactions will be reviewed, but rather the designated reviewer(s) typically will perform a sampling-based review.

The periodic review process described above will be performed by CFM's Head Trader.

XIII.(B). Non-Periodic Account Reviews

Not applicable, see Item XIII.(A).

XIII.(C). Reports to Clients

We typically prepare monthly reports which will be sent to participants in our Investment Vehicles. These monthly reports include general economic observations and performance information. The specifics of each monthly report will vary based on each individual Investment Vehicle as well as the particular investor. In addition, the general partner or managing member of any Investment Vehicle that is managed by CFM will ensure that all investors are provided a copy of the annual audit report within 120 days of the fiscal year-end of the Investment Vehicle (for each Investment Vehicle subject to an annual financial audit). Please refer to the offering materials for each specific Investment Vehicle for further details.

XIV. Client Referrals and Other Compensation

XIV.(A). Compensation we Receive

Other than the compensation arrangements described above in Item V.(B), CFM does not receive any other compensation in connection with the investment advisory services provided to our Clients.

XIV.(B). Compensation we Pay

Under certain circumstances, firms like ours may compensate other parties for having referred Clients or potential investment advisory clients. These sorts of arrangements are generally referred to as "solicitor" arrangements. We do not at present participate in any solicitor arrangements.

XV. Custody

We engage in certain activities that result in us being deemed to have custody of certain of our Client's funds and/or securities. In the event that a qualified custodian is used to maintain physical possession and control of such funds and/or securities, the qualified custodian will send periodic account statements directly to our Clients. Please also refer to Item XIII.(C) for additional details regarding annual audit reports that will be issued to investors in the Investment Vehicles we manage.

XVI. Investment Discretion

In connection with our investment advisory services, we will generally seek and obtain a Client's authorization to carry out part or all of our services on a purely discretionary basis. We will memorialize any such authorization of our discretionary authority in our Management Agreement(s).

We will exercise discretion over the following areas.

- 1) The specific securities to be bought or sold on a Client's behalf;
- 2) The amount of securities to be bought or sold on a Client's behalf;
- 3) Timing as to when such securities are to be bought or sold; and
- 4) The particular broker or dealer to be used for arranging client securities transactions.

We will have authority to exercise complete discretion with regard to the above named factors without restriction. The discretionary authority described in this Item relates primarily to our Investment Vehicles that engage in active trading of securities instruments.

XVII. Voting Client Securities

XVII.(A). Proxy Voting

Proxy Voting Policies and Procedures and Client Instruction

In the event that a Client has authorized (via the Investment Management Agreement) us to vote proxies on its behalf, we will perform the voting process subject to the following information and procedures. In an effort to assure that Clients' proxy votes are carried out in our Clients' best interests and not affected by any conflicts of interest that may exist, we have adopted the following elements as part of our proxy voting policy.

Regardless of the nature of the issue up for vote, we thoroughly and objectively research the voting options and the corporate landscape in order to arrive at a decision that we believe meets the best interests of our Clients as shareholders of the company in question. The overriding theme of our policy is to vote Client proxies in the manner that we believe is most consistent with the following:

- The Client's stated investment objectives;
- The Client's desired voting interests;
- The long-term well-being of the company soliciting the proxy; and
- An increase in shareholder value.

Conflicts of Interest...

We recognize that conflicts of interest may arise when voting Client proxies. A conflict of interest exists when a Client's best interests are contrary to our best interests due to some relationship between the us and/or our associated persons and a company that is soliciting a proxy. Some examples may include:

- The spouse of one of our associated persons is a board member of a company whose management is soliciting proxies to vote on a salary increase for the board.
- We are an affiliated company of a company that has issued a proxy notice to individuals who are our clients.
- We or one or more of our affiliates may manage a pension plan, administer employee benefit plans, or provide brokerage, underwriting, insurance, or banking services to a company whose management is soliciting proxies.

It is our policy to vote proxies in the best interests of our Clients regardless of the existence of any conflict of interest.

As authorized in our Agreement, we may exercise complete discretionary voting authority in relation to proxy notices that we receive on our Clients' behalf. If no apparent conflict of interest exists in relation to our exercise of our voting authority on our Clients' behalf, we shall vote all such proxies as we see fit and in each applicable Client's best interest.

Under certain circumstances, the most prudent action on our part may be NOT to vote a proxy(s). Under such circumstances, we shall ensure that appropriate records are maintained so as to justify not having voted such proxy(s).

How to obtain our proxy voting record...

We will ensure that a complete record is retained of the initial proxy notice and the subsequent vote that we cast on our Clients' behalf. For a copy of our proxy voting record on a Client's behalf, applicable Clients may write or call us at:

Claros Fund Management LLC
60 Columbus Circle
20th Floor
New York, NY 10023
212-515-3247
212-202-5139...fax
INFO@clarosfund.com

XVII.(B). Proxy Voting

In the event a Client has authorized us to vote proxies on its behalf, we will do so in accordance with the information provided above in XVII.(A). Proxies related to the securities owned by a Client will be disseminated as dictated by the issuer, transfer agent, or as otherwise set forth in the account opening paperwork required by the custodian (as applicable) holding a Client's account/assets. Questions related to a particular proxy notice can be directed to our Chief Compliance Officer at 212-515-3247.

XVIII. Financial Information

We are not required to disclose any information in response to this item.

XIX. Requirements for State-Registered Advisers

As a federally-registered investment adviser, this section is not applicable to us.